

INTERNATIONAL
Herald Tribune

Published with The New York Times and The Washington Post

No. 30,780

PARIS, THURSDAY, FEBRUARY 4, 1982

Established 1887

Haig Vows Full U.S. Support of El Salvador

By Bernard Gwertzman

WASHINGTON — Secretary of State Alexander M. Haig Jr. said Tuesday that in cooperation with its friends and allies in Latin America, the United States would do "whatever is necessary" to prevent the overthrow of the El Salvador government by guerrillas who he said were backed by Cuba and Nicaragua.

Under questioning by the Senate Foreign Relations Committee, Mr. Haig refused again to say whether the administration was contemplating the use of its own military force to aid the government of President José Napoleon Duarte.

Since the Reagan administration became concerned over the El Salvador issue a year ago, Mr. Haig has, in the absence of any firm decision, consistently left open the possibility of some form of U.S. military action in the region. Officials have said this was deliberate and intended to keep the Soviet Union, and Cuba and Nicaragua on their toes.

"I am not about to lay out a litany of actions that may or may not take place," he said in answer to Sen. Christopher J. Dodd, Democrat of Connecticut, a critic of administration policy. "We are considering a whole range of options — political, economic and security — in response to Cuban intervention in this hemisphere."

After a reporter asked him whether the introduction of U.S. combat troops was one of the possibilities, Mr. Haig, taking note of President Reagan's having earlier ruled out such a development, said, "I think the president has said it very clearly that he has very strong reservations about such a step except in extreme, but as a general response to your question, we have not ruled out anything, and we're not going to, a priori, in a very dynamic, on-going situation."

The Salvador situation has again begun to attract attention, now that the administration has decided that the human rights situation there does not warrant suspending aid and, in fact, said that it intends to increase military and economic assistance to the Duarte government.

In a hearing by the House Foreign Affairs Subcommittee on Latin American Affairs Tuesday, Thomas O. Enders, the assistant secretary of state for Inter-American affairs, defended under hostile questioning the administration's decision to certify El Salvador as still eligible for aid despite what he called a "troubled" human rights situation there.

Summing up the administration's concerns about a Communist-backed takeover in El Salvador, Mr. Enders said, "There is no mistaking that the decisive battle for Central America is under way in El Salvador."

"If after Nicaragua, El Salvador is captured by a violent minority, who in Central America would not be in fear," Mr. Enders asked. "How long would it be before major strategic United States interests — the Panama Canal, sea lanes, oil supplies — were at risk?"

'Hard Position'

Under questioning from the chairman of the Foreign Relations Committee, Charles H. Percy Jr., Republican of Illinois, Mr. Haig defended the administration's decision to pay U.S. banks \$71.3 million that were owed by Poland for agricultural imports without declaring the Warsaw government in default.

Asserting that Mr. Reagan had personally approved the move, Mr. Haig said this was the "hard position," the more rigid position, rather than one that would "obviate" (Continued on Page 2, Col. 1)



Guerrillas halted a bus for a search at the entrance to Usulután during the attack on the Salvadoran provincial city.

Salvador Rebels Attack Government Garrison

By Christopher Dickey

WASHINGTON Post Service
SAN SALVADOR — A large force of leftist guerrillas attacked the Salvadoran government's garrison at the major provincial capital of Usulután and sustained the assault for eight hours before pulling back, witnesses said.

The attack Tuesday was the guerrillas' first such daylight assault on a city the size of Usulután, which has about 25,000 inhabitants and is the country's fourth largest city.

The attack, as well as assaults on several smaller towns to the northeast, began Monday and apparently constituted the significant increase in activity promised recently by the insurgents. The attacks may also be intended to test the response capability of the Salvadoran Army since five of its vital 14 U.S.-supplied helicopters, as well as at least 10 other transport aircraft, were damaged in a guerrilla raid last week.

In Central America the recession rivals political violence as the biggest threat to stability. Page 5.

Government counteroffensives — the most recent one in December in Morazan province — have made little headway against the insurgents. When the Morazan offensive ended, the guerrillas immediately started knocking out military emplacements one by one in small villages to give themselves freer access on the approaches to major towns.

On Monday, such attacks occurred at the Morazan village of Corinto and Nueva Trinidad in the department of Chalatenango. Corinto reportedly is still in guerrilla hands and several members of government uniformed and paramilitary forces are reported dead in both attacks.

In Usulután, the city center was shut down at midday and appeared almost deserted, said news photographers able to make their way close to the fighting.

150 Reported Killed

NUEVA TRINIDAD, El Salvador (Reuters) — Salvadoran Army sources said that 150 persons were killed when the leftist guerrillas attacked this town near the Honduran border.

It was the biggest guerrilla attack for several weeks and followed radio appeals by the guerrillas to workers and peasants to rise against the ruling junta.

After a daylong battle, about 200 government troops pushed the guerrillas out.

backed military-civilian junta here announced over their clandestine radio that they would step up their military activity very soon both in the capital and elsewhere.

Leaders of the guerrilla coalition known as the Farabundo Martí National Liberation Front have said in recent months that they would not try to launch another offensive on the scale of the "final" one that failed a year ago when coordinated attacks were launched against garrisons in virtually all parts of the country.

At that time, before the United States began sending lethal military assistance to the government, not one garrison fell.

This time the guerrillas have said they will steadily increase their pressure on the army, especially with the approach of elections scheduled for March 28 for a constituent assembly.

Government counteroffensives — the most recent one in December in Morazan province — have made little headway against the insurgents. When the Morazan offensive ended, the guerrillas immediately started knocking out military emplacements one by one in small villages to give themselves freer access on the approaches to major towns.

On Monday, such attacks occurred at the Morazan village of Corinto and Nueva Trinidad in the department of Chalatenango. Corinto reportedly is still in guerrilla hands and several members of government uniformed and paramilitary forces are reported dead in both attacks.

150 Reported Killed

NUEVA TRINIDAD, El Salvador (Reuters) — Salvadoran Army sources said that 150 persons were killed when the leftist guerrillas attacked this town near the Honduran border.

It was the biggest guerrilla attack for several weeks and followed radio appeals by the guerrillas to workers and peasants to rise against the ruling junta.

After a daylong battle, about 200 government troops pushed the guerrillas out.



Salvadoran squad leader signaling his troops toward suspected guerrilla positions during the insurgents' attack on Usulután.

Brezhnev Calls for Cuts In Medium-Range Arms

By John F. Burns

New York Times Service
MOSCOW — President Leonid I. Brezhnev, calling for "denouements" and not "linkages" in Soviet-American relations, proposed Wednesday that the two sides agree at negotiations in Geneva to a reduction by 1990 of at least two-thirds in their arsenals of medium-range nuclear weapons.

The proposal, the most radical of several Mr. Brezhnev has made on medium-range arms, was an elaboration of one he put forward in a November visit to West Germany.

His offer on that occasion to cut the Soviet arsenal by "hundreds of units" if the United States would do the same was rejected in Washington on the ground that equal cuts would leave the Soviet Union with a massive preponderance in the medium-range category.

Mr. Brezhnev coupled his latest proposal with one of his harshest attacks on the Reagan administration. He said the United States was avoiding serious negotiations on medium-range weapons in Geneva and using "various far-fetched pretexts" to put off the resumption of strategic arms talks.

Mr. Brezhnev, speaking at a Kremlin reception for a group from the Socialist International, spoke of "the dangerous consequences the present policy of the NATO bloc, above all that of the U.S.A., its main force, may have for the cause of world peace."

He added, "Never before, since the end of World War II, has the situation been so serious."

The proposal for a two-thirds cut in medium-range weapons apparently had already been put before U.S. negotiators in Geneva, where Soviet-American talks on medium-range weapons opened two months ago.

In making it public, Mr. Brezhnev appeared to be making a fresh bid to sway public opinion in Western Europe, where there has been strong opposition to a plan by the Western alliance to deploy a new generation of U.S. medium-range missiles beginning next year. The U.S. and its NATO allies have argued that the new missiles are needed to offset Soviet deployment of a new missile of its own.

In addition, Mr. Brezhnev appeared to be responding to the position taken by Secretary of State Alexander M. Haig Jr. when he met in Geneva last week with Foreign Minister Andrei A. Gromyko.

In line with the administration's belief in "linkage," a policy that keys progress in negotiations in one area to Soviet behavior in other, Mr. Haig retreated from an

earlier understanding and declined to use the Geneva meeting to set a date for the resumption of strategic arms talks.

The reason given for the U.S. decision was the situation in Poland, for which the administration has held the Kremlin responsible. There was no mention of Poland in the summary of Mr. Brezhnev's remarks released by the official press agency Tass. But Mr. Brezhnev was quoted as calling the Reagan administration's approach to arms issues "an irresponsible, adventurist play with the destinies of mankind," and as hitting out in particular at linkage.

"Diplomacy requires 'denouements' and not 'linkages,'" he said. "The tangled knot of conflict situations and disputed problems in the present world cannot be cut by any sword. The only way is the way of patient, constructive talks, talks ensuring a real reduction and destruction of arms."

He contrasted U.S. policy with the Soviet Union's, which he said placed peace ahead of all other objectives, and he called for closer consultation between the Kremlin and the Socialist International, a

(Continued on Page 2, Col. 3)

Deployment of SS-20 Is Reportedly Halted

By John Vinocur

New York Times Service
BONN — A West German parliamentarian said Wednesday that a member of the Central Committee of the Soviet Communist Party has told him that the Soviet Union has halted deployment of SS-20 missiles targeted on Western Europe.

Ottmar Schreiner, a Social Democrat, said the assertion was made in Moscow last week by Vadim V. Zagladin, first deputy chief of the international department of the Central Committee. Mr. Schreiner was in the Soviet capital with a delegation from the Social Democratic Party's youth organization, which stands far to the left of the policies of Chancellor Helmut Schmidt.

Speaking at a news conference and then privately with a reporter, Mr. Schreiner reported that Mr. Zagladin said deployment had stopped a couple of weeks ago. No mention of such a step was contained Wednesday in a statement in Moscow by Leonid I. Brezhnev, the Soviet leader, who accused the United States of failing to negotiate seriously in talks in Geneva on reduction of intermediate-range missiles such as the SS-20.

Calls for Moratorium

The Soviet leader has frequently called for a moratorium on further missile deployment, a step that has been described as meaningless in the West because it would only freeze a situation in which the Soviet Union is predominant.

U.S. Cruise and Pershing-2 missiles, meant to counteract the Soviet SS-20s, are scheduled for deployment at the end of 1983. The Soviet Union is believed to have deployed more than 200 SS-20s.

West Germany is a prime target of Soviet attempts to block the deployment, and major segments of the Social Democratic Party have recommended that NATO accept the Soviet moratorium proposals. For some parts of West German public opinion, a halt in Soviet deployment of SS-20s would be interpreted as a signal of its "good will," which was the analysis made by Mr. Schreiner.

When he asked Mr. Zagladin how long the deployment halt would continue, Mr. Schreiner said, the official replied: "We can't say how long. For an unspecified time."

"He was very vague," the parliamentarian recalled. "He said it will be dependent on NATO's steps."

Answering a reporter's question, Mr. Schreiner said he had not considered asking Mr. Zagladin if the deployment program for the SS-20s had reached an end or whether the purely technical fact of having no more missiles to bring into service was perhaps being offered as a political gesture.

Mr. Schreiner was accompanied to Moscow by Willy Pieczyk, chairman of the young Socialist group, which organized a demonstration against U.S. Secretary of State Alexander M. Haig Jr. during a visit to West Berlin in September. The parliamentarian said Mr. Zagladin and Valentin M. Falin, first deputy chief of the Central Committee's international information department, told them the United States had shown no serious desire to achieve results in the Geneva talks.

Reagan Is Reported to Increase Military Spending Plan

By Richard Halloran

New York Times Service
WASHINGTON — Secretary of Defense Caspar W. Weinberger has informed Congress that the Reagan administration plans to ask for a 1983 military budget of nearly \$260 billion in appropriations, about \$10 billion more than previously planned, according to administration and congressional officials.

Mr. Weinberger, in a closed session before the Senate Armed Services Committee Tuesday, also said the administration planned for actual military spending in the fiscal year starting next October to total about \$216 billion, which was expected.

The officials, who declined to be identified, said the increase in military appropriations to be requested next week came from a more realistic assessment of inflation.

They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

ad next week came from a more realistic assessment of inflation. They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's



West German Chancellor Helmut Schmidt, right, with Foreign Minister Hans-Dietrich Genscher, discussed a government plan to combat unemployment at a news conference Wednesday.

Schmidt Asks First Confidence Vote In Decade for Coalition Jobs Plan

By John Vinocur

BONN — Chancellor Helmut Schmidt, who has threatened to resign if he fails to receive support for a new program of employment stimulus, called on parliament Wednesday for a vote of confidence, the first in West Germany since 1972.

The chancellor announced that he would tie the future of his government to the vote on Friday as he made public a \$5.3-billion plan aimed at developing investment and jobs over the next four years.

"My purpose," he said, "is wanting above all to make it clear outside the parties and parliament that this government is based on a safe majority."

Members of Mr. Schmidt's Social Democratic parliamentary group, including the party whip, Herbert Wehner, said they had no

doubt that Mr. Schmidt would win the vote. But the chancellor's action contained the risk that abstentions or absences among left-wing members of his party — and among dissatisfied parliamentarians of the coalition's junior partner, the Free Democrats — would leave a narrow margin of victory and deep embarrassment.

Absolute Majority Needed

For the motion of confidence to carry, Mr. Schmidt must receive 249 votes, or an absolute majority of the members of the Bundestag, the lower house of parliament. The coalition has 269 seats in the Bundestag, 216 of them occupied by Social Democrats and 53 by Free Democrats.

If Mr. Schmidt were to fail to win a majority, he could ask the federal president to dissolve parliament within 21 days. The body could, however, elect a new chan-

cellor by a majority vote in the interim.

Although the vote relates to the package of economic stimulants, Mr. Schmidt's purpose seems to be aimed at winning a broad statement of support at a time when he has been attacked from the left. The criticisms have been aimed not only at the government's economic situation, but also at issues relating to security matters, in particular the chancellor's support of NATO's decision to deploy intermediate-range nuclear missiles in West Germany at the end of 1983.

Mr. Schmidt threatened to resign last May if his party did not give full support to the NATO program. Last week, during a series of tough negotiations with the Free Democrats on the economic package, Mr. Wehner disclosed that the

(Continued on Page 2, Col. 7)

INSIDE

Saturn's Moons

In Pasadena, scientists at the announced the discovery of at least four — and perhaps six — new moons around the planet Saturn. Page 3.

Policy Leaks

The Reagan administration has retreated from its short-lived effort to police contacts between officials and reporters but has instituted a system designed to make it easier to identify officials who leak information to reporters. Page 3.

Opium Village

In northern Thailand, the remote village headquarters of alleged opium warlord Chue-fu had given more comfort than the impoverished hamlets nearby did not — including 15 tons of ammunition. Then almost 1,000 Thai border patrol police attacked. Page 2.

U.S., Weighing Risks to Alliance, Said to Pull Punch on Poland Debt

By Leslie H. Gelb

WASHINGTON — The Reagan administration at times seems to be at war with its own self-image of toughness in foreign affairs. One result is that officials sometimes have to defend decisions that do not measure up to their strong statements.

The most recent case is the administration's decision to pay U.S. banks \$71 million they are owed by Poland and sidestep declaring Poland in default.

As a symbol of toughness, officials say, there was nothing more they would like to have done than to have declared Poland in default. But from a practical standpoint, they say, there were too many risks and uncertainties for the Western alliance and economic system.

The administration has decided that a formal declaration of default would be self-defeating. Administration officials say that their rationale was that the Western banking system might be hurt as much or even more than Poland by taking such an action. Poland might be driven further into Soviet hands. Western Europe would be up in arms. Better for now for the U.S. taxpayer to pick up the tab than engage in gestures. Better for now to risk the wrath of some conservatives in America.

Closing Ranks

Now that the decision has been disclosed publicly, administration officials have closed ranks and they describe it as tough and realistic. But they are also saying that the story is far from over.

Secretary of State Alexander M. Haig Jr. told a Senate committee Tuesday that President Reagan's decision was the "hard position, the more rigid position."

"The facts are that the action he took will require the Soviet Union to make the money good," Mr. Haig said. "Had we called default,

they would have been relieved of that burden."

Before the issue came to the point of decision, default had been seen as a touchstone of toughness, and key administration officials, above all, had not wanted to appear weak to Moscow and conservatives at home. As a high adminis-

NEWS ANALYSIS

tration official put it, "We keep giving signals about being willing to go to the brink and then backing away."

But last week, when they were faced with a specific problem, representatives of every department involved except the Pentagon were most impressed with practicalities and not symbolic gestures. And they said they quickly decided that the practical steps were the tough ones as well.

Unable to Pay

Mr. Reagan's advisers all agreed that Poland could not pay its debts. If default were declared, officials said, Poland would not have to pay. If the debts were assumed by the United States, specifically the Agriculture Department, there might be some chance of getting some money from Poland in the future, although no one was very hopeful about this.

The participants all were said to have quickly agreed that the key in question was how a default declaration would affect the international monetary system. They said they consulted West European leaders and bankers in the United States and Europe. All were said to have strongly opposed the default declaration. They were said to fear that it would trigger other default declarations against Poland, particularly in West Germany, which has a much larger stake than U.S. banks. In this happened, no one was sure where it might end.

The participants said they were not necessarily convinced that all this would transpire, but they recognized that the situation was tricky and full of imponderables, and they were under a great deal of pressure from the banking community and the allies to refrain from declaring a default.

The officials were also said to have recognized that if they were to recommend sidestepping the default procedure they would have to act quickly before counterpressures for a default might build in the United States.

Rallies for Poland

Rallies were being held around the country that week to show support for Solidarity, the Polish labor movement, and many prominent speakers were advocating declaring default. Thus, the Reagan advisers decided that the Agriculture Department would adopt an emergency regulation that would allow for paying the banks without declaring default. As permitted, this was done without public notification.

To the extent they had any hold over Poland, the advisers were said to have agreed that it stemmed from the general credit squeeze that they had already set in motion. The United States and its NATO allies have already called off negotiations with Poland on rescheduling its 1982 debt.

They, they agreed, were already driving up the flow of credit and in a way was allowing the banking system to adjust slowly. And to the extent that the United States had any real economic leverage over Poland, they said they thought that this was the way to manage it.

Also, the officials taking part in the deliberations were said to have agreed that the crisis was a continuing one. More would have to be done later, it was argued, and the president needed something, such as holding default in reserve for the next time.



President and Mrs. Reagan greet President Hosni Mubarak and his wife Wednesday at the White House. It was Mr. Mubarak's first visit to Washington since Sadat's assassination last fall.

Solution for Palestinians Is the Key To Peace, Mubarak Tells Reagan

International Herald Tribune

WASHINGTON — President Reagan and Egyptian President Hosni Mubarak met for 90 minutes Wednesday morning after mutual pledges to intensify efforts to win a lasting Middle East peace.

While both leaders reaffirmed the good relations between the two countries, Mr. Mubarak came right to the point he wished to make, declaring that the "key to peace" is to settle the problem of self-determination for the 3 million Palestinians living in the Israeli-occupied West Bank and Gaza Strip.

Such a solution must be "based on mutual recognition and acceptance," he said.

At a White House arrival ceremony, held indoors on a rainy day, Mr. Mubarak told the U.S. president, "The Palestinians need your help and your understanding." He added that they "have an inherent right to exist and function as a na-

tional entity free from domination and fear."

"The exercise of the right to self-determination cannot be denied to [them]. In fact, it is the best guarantee for Israel's security. This is a lesson of history and the course of the future," he said.

The Israeli government has opposed any result of the autonomy talks that could bring about a Palestinian state, which it calls a threat to Israel's security. Egypt, however, holds that such an outcome should not be ruled out in advance. U.S. officials do not expect any breakthrough on autonomy soon.

In their remarks preceding a half-hour private meeting, which was followed by an hour-long conference including their advisers, the two leaders agreed that the search for peace should be intensified.

"Without setting deadlines, I personally believe the time has

come to get on with the task before us, and the sooner the better," Mr. Reagan said.

The Egyptian president said the two nations "must redouble our efforts" to establish a "just and comprehensive peace."

Mr. Mubarak, who arrived Tuesday for a four-day official visit, met later with Secretary of State Alexander M. Haig Jr. The Egyptian leader was to be honored at a formal White House dinner Wednesday. He is also scheduled to meet with Defense Secretary Caspar W. Weinberger and Treasury Secretary Donald T. Regan.

At the arrival ceremony, Mr. Reagan, referring to the two countries' relations since the assassination of Egyptian President Anwar Sadat last October, told Mr. Mubarak his visit demonstrates that the good relations between the United States and Egypt are "more than a compact between individuals; it's a commitment between nations."

WORLD NEWS BRIEFS

Belgium Unveils Moves for Economy

BRUSSELS — The Belgian government on Wednesday announced its first measures to stimulate the economy under special powers granted by Parliament on Tuesday. The moves, which included cuts in some taxes and measures to boost employment, did not require parliamentary approval.

Willy de Clercq, the finance minister, said taxes on construction work and on new house purchases would be cut from 17 percent to 6 percent until the end of next year. This was to aid the building industry and to ease an unemployment rate of 12.9 percent, the highest in the 10-member European Economic Community.

Young people setting themselves up as independent or self-employed workers would be given three years of simplified income tax procedures, the government announced. Measures to help people wishing to take part-time jobs were also unveiled.

Bomb Found Near Irish Border

BELFAST — Army bomb disposal experts tried to dismantle a 600-pound bomb Wednesday on a roadside near the Irish Republic border. Five hundred residents were evacuated.

The explosives, packed in dairy cans, were found Tuesday at Cam-lough, 8 miles (12.8 kilometers) from the border, a police spokesman said. The families were kept out of their homes overnight. The spokesman said the operation probably would last all day.

Police on Tuesday unearthed a large arms cache at a suspected terrorist hideout in Londonderry, the latest in a series of border raids that have uncovered large arsenals.

U.K. Rail Engineers Strike Again

LONDON — Train engineers pursuing a pay claim began another 2-day stoppage Wednesday, while their union leaders spurned an invitation to take part in a committee of inquiry set up to mediate in the dispute.

The engineers, in a move intended to compound the chaos sown by four weeks of sporadic strikes, also announced that next week's midweek walkouts would be on Tuesday and Thursday instead of Wednesday and Thursday.

Staggering the days of the midnight to midnight stoppages will make it even more difficult for British Rail to maintain services on nonstrike days, particularly for overnight freight trains. The ban by the engineers on voluntary overtime and Sunday work is also to continue.

Pentecostalist Cites Soviet Threat

MOSCOW — A Soviet Pentecostalist who ended a monthlong hunger strike after she was moved from the U.S. Embassy to a Moscow hospital indicated Wednesday that she gave up the protest because she was told she would be force-fed.

In a letter to six fellow members of the fundamentalist Christian sect who took refuge with her in the embassy more than three years ago, Lydia Vashchenko quoted a Soviet doctor as telling her: "If you don't want to eat, we will feed you with a tube down your throat. We don't want to, but we will."

Miss Vashchenko, 32, was taken from the embassy Saturday after her health began to fail. Her 52-year-old mother, Augustina, is still on hunger strike at the embassy in support of the group's demand for permission to emigrate from the Soviet Union.

Basque Sentenced for Killing Officers

MADRID — A member of a commando of the Basque separatist organization ETA, Isidro Echave Urrestilla, was sentenced to 70 years in prison Wednesday on charges of assassinating an army general and his aide in Madrid in 1978.

The sentence said Mr. Urrestilla, 25, and two men, who were not tried, came to Madrid from France and shot and killed Brig. Gen. Juan Manuel Sanchez Ramos as he got into his car outside his home July 21, 1978. The general's aide, Lt. Col. José Antonio Pérez Rodríguez, was also killed in the attack. The three members of the command then fled and returned to France.

Schmidt Unveils Jobs Plan, Calls for Vote of Confidence

(Continued from Page 1)

chancellor had again threatened to quit.

On Wednesday, Mr. Schmidt told members of his party that both West Germany's NATO partners and Moscow needed a clear signal concerning the coalition's stability.

The last time a vote of confidence took place was in September, 1972, when former Chancellor Willy Brandt used it deliberately to dissolve parliament.

Mr. Schmidt's aim, which he achieved, was to increase his parliamentary majority in subsequent national elections.

Mr. Schmidt's program was announced as the federal labor office reported that the unemployment rate had risen to 8.2 percent last month, the highest figure in 27 years. The rate of increase here since September is the greatest of all 10 European Economic Community nations.

Economic prospects for this year are slightly improved. The government is predicting a growth rate of 1.5 percent. But a statement accompanying the new economic program said, "It cannot be expected that there will be strong upward movement soon in the entire economy."

The main element of the government's program concerns companies that promise to invest more than they have on average over the past three years. These companies will receive a bonus of 10 percent of the value of any new investment made during the year.

The government will also boost its spending by 1985 on federal housing and public utilities, will create funds to give credits to small businesses and will reform laws to accelerate construction of homes and apartment buildings.

Mr. Schmidt, who said he hoped the program will produce investments worth \$17.1 billion, also indicated that there would be measures to reduce unemployment among young people and to increase the possibility of worker's retirement at an earlier age.

The program is to be paid for by raising the value added tax, a levy on goods and services, from 13.14 percent as of July 1, 1983.

Although Mr. Schmidt was initially at odds with the program, it proved to be inflationary, pressuring him to move from the labor union, that provided the basic support for the Social Democratic Party.

Mr. Schmidt then appeared interested in a more costly program that would have been financed by new taxes on income and gasoline.

The Free Democrats refused it, higher taxes, seemingly with an eye on their voters who generally come from the professional and middle classes.

The eventual compromise involved turning away from a broad tax increase, scaling down the program itself, and agreement by the Free Democrats to accept the value-added tax increase, a measure they had originally refused.



French Communist leader Georges Marchais, left, opened the 24th congress of the party in a Paris suburb on Wednesday. Seated next to him is Charles Fiterman, the transport minister.

Marchais Says French Communism Now Rejects Models From Abroad

By Robert Evans

PARIS — French Communist leader Georges Marchais, accused by critics of swinging back into the Soviet orbit, Wednesday affirmed his party's complete independence from Moscow despite support for martial law in Poland.

In a speech opening the party's 24th congress in the Paris suburb of St. Ouen, Mr. Marchais also identified it with the Eurocommunism espoused by the Italian and Spanish parties and often condemned by the Kremlin.

He also called for a broad program of nationalization in key sectors of the economy without specifying which industries he wanted under government control. He said that in order to achieve growth and a higher standard of living, "the major means of production and exchange must become the property of society."

But he added that the Communists were not seeking state control of the entire economy.

The 61-year-old general secretary, who Communist sources said was certain to be re-elected on

Sunday despite growing criticism of his leadership, insisted that the party aimed to build "socialism in the colors of France."

Russia Rarely Mentioned

Although he rarely mentioned the Soviet Union directly during his six-hour speech, political analysts said his formulation of the party's vision of the future was clearly intended to suggest rejection of Moscow-style Communism. The congress, with about 2,000 delegates and dozens of foreign guests, including Soviet Politburo member Konstantin Chernenko, is the first major gathering of the party since serious electoral setbacks last spring.

Mr. Marchais said the results of the elections, which brought the Socialists to power under President Francois Mitterrand, came as no surprise because overall Communist voting strength had been dropping since the mid-1950s.

One of the reasons for the decline, he told delegates, was the party's failure until 1976 to produce a concrete program showing its dedication to specific French traditions of freedom and human rights.

The thrust of Mr. Marchais' message, Communist sources said, was that the party had lost much support because it had not been able earlier to convincingly refute opponents who argued it sought to install a Soviet system in France. In his speech Wednesday, the

party leader said French Communists now rejected "the dogmatism of models" from outside for the type of society they wanted to build.

Ceausescu, Italian Communist Meet

VIENNA (Reuters) — East bloc maverick Romania has reaffirmed its close ties with the Italian Communist Party, which is engaged in an ideological row with Moscow over events in Poland.

Romanian leader Nicolae Ceausescu on Tuesday received Giancarlo Pajetta, a member of the Italian party leadership, and, according to the Agence France Presse, both expressed "satisfaction at the good relations between the two parties."

Last week, the Soviet party newspaper Pravda attacked the Italian party for the Italians' condemnation of the introduction of martial law in Poland in December.

Moscow Calls For Arms Cuts

(Continued from Page 1)

group that draws its membership from Social Democratic parties in more than 40 nations, including the parties that head the governments in West Germany and several other Western European countries.

"There are no small reserves for the expansion of cooperation in the struggle for the preservation and consolidation of détente," Mr. Brezhnev said. "The main global problem of the day, that of preventing the world from sliding down to a thermonuclear catastrophe, demands — despite all differences and disagreements — that a common language and, what is most important, common decisions should be found."

The group that met with Mr. Brezhnev, calling itself the consultative council on disarmament, was established by the Socialist International in 1970 to maintain contact with world leaders on weapons issues. It was headed by the Kremlin secretary of state, Andrei Gromyko, and a former premier of Finland, who is chairman of the disarmament body.

NATO to Step Up Pressure Over Polish Situation

BRUSSELS — Western alliance nations agreed Wednesday to increase economic and political pressure against Moscow and Warsaw to protest martial law in Poland, a NATO spokesman said.

After a meeting here of the 15 members of NATO, the spokesman said member states would consider new economic and other measures to demonstrate their disapproval of the Soviet role in the Polish military crackdown.

NATO sources said these measures were likely to be announced in the next few days in national capitals, although it was being left to individual governments to decide what form they should take.

Virtually all NATO governments, with the exception of Greece which has abstained from NATO condemnation of the Soviet Union, have already taken action of varying sorts. This has included suspension of bilateral talks, visits and technical and scientific agreements and the curtailment of credit facilities.

The United States, demonstrating the importance which it attaches to a concerted NATO response over Poland, sent its assistant acting secretary of state for European affairs, Allen Holmes, and his assistant secretary of state for economic affairs, Robert Hor-

Reagan Plan For Defense

(Continued from Page 1)

tration has projected a deficit in the overall fiscal 1983 budget of about \$90 billion.

Congress, according to officials on Capitol Hill and in the Office of Management and Budget, is expected to take action at the proposed outlays of \$216 billion, because that is the figure that would affect the federal deficit. The proposal compares with \$180 billion planned for the current year.

The majority leader of the Senate, Howard H. Baker Jr., a Tennessee Republican, said he thought the military budget would be trimmed but added, "I would not expect the broad, basic scope of the budget to change."

The speaker of the House, Thomas P. O'Neill, a Massachusetts Democrat, predicted that the House would cut the military budget for next year as it did this year. "We'll whittle it down a lot," Rep. O'Neill told reporters. "I only hope the Senate sees the light."

Congressional officials said that Sen. John G. Tower, the chairman of the Senate Armed Services Committee, planned to put the

military authorization bill on what one called "a fast track."

Sen. Tower, a Republican from Texas, was said to be aware that opposition to military spending is building in the Senate and thus to want the bill considered as soon as possible.

The nearly \$260 billion in military appropriations being planned represented something of a Pentagon victory over the Office of Management and Budget, officials suggested. Budget planners in the Pentagon have long argued that higher and more realistic projections of inflation should be factored into the military budget to avoid requesting additional funds or cutting programs when inflation outruns predictions.

The budget office, being in the White House and politically attuned, has traditionally insisted on keeping the inflation factor down.

Several congressional officials said that some members of the Armed Services Committee, including Sen. Tower, were annoyed at the closed session because the start of the military budget season ordinarily gives them a forum to emphasize points they want to make publicly.

Thailand Seized Arms Cache in Opium Battle

Rebel Army Also Left Behind Color TVs, Refrigerators and Whisky

By Vithoon Amorn

BAN HIN TAEK, Thailand — The remote village headquarters of Chang Chi-fu, who is accused of trading opium in huge quantities, has everything the hamlets nearby do not: comfortable villas, swimming pools, a well-stocked hospital, schools, basketball courts and a soccer field.

Until Jan. 21, according to Thai officials, it also had 15 tons of arms and ammunition. That was when almost 1,000 Thai border police drove up the dusty dirt track to this village at the southern tip of the opium-growing Golden Triangle of Burma, Laos and Thailand.

In two days of fierce house-to-house fighting, 16 border police were killed. But the police, backed by air strikes, eventually drove more than 500 troops of Mr. Chang's guerrilla army out of their stronghold.

The police then confiscated huge supplies of food and imported whisky and the arms and ammunition.

"The ammunition would have been enough to keep them fighting for weeks," said one policeman guarding the now-deserted village. "Without air support we would never have been able to defeat them."

were killed in the fighting and during aerial bombing of their hilltop positions near the village. Deputy Premier Phrahuach Suntharungkul said at a press conference in Bangkok Wednesday. About 130 members of the army were killed in the same area in October in an operation that destroyed three heroin refineries, Mr. Phrahuach said.

Mr. Chang, a Burmese of Chinese origin, says his 4,000-strong guerrilla army is fighting for autonomy in Burma's northeastern Shan state. But Thai and Western narcotics officials say Mr. Chang's main interest is in his heroin refineries along the Thai-Burmese border.

The Golden Triangle last year produced a bumper crop of 600 tons of opium, 30 percent of it grown in Shan state, an area almost inaccessible to Burmese government forces.

Thailand's premier, Gen. Prem Tinsulanonda, said the campaign to dislodge Mr. Chang's forces was mounted because Mr. Chang blatantly challenged Thai sovereignty by setting up a permanent base on Thai soil.

Residents Government sources said Thailand previously ignored Mr. Chang's forces because it did not want an enemy on its western frontier while it had tension on its borders with Cambodia and Laos.

The attack caught Mr. Chang's forces off

guard as they were preparing to celebrate the Chinese New Year. The police said many fled in panic to the hills and jungle leaving behind color television sets, refrigerators and food stocks.

Border police sources said that, under a special order from Gen. Prem, 835 border police from Tak province were sent north on Jan. 20 in a convoy led by six armored cars. Their 250-mile (400-kilometer) trip raised no suspicion because it coincided with the annual visit of King Bhumibol Adulyadej to northern Thailand, the sources said.

"We were not told where we were headed," said Pvt. Pongsak Thatoi, who was among the first group to enter the village. "Our superiors only said we were on our way to guard a VIP."

Police helicopter gunships and air force planes bombed Mr. Chang's villa and military barracks, but both Mr. Chang and his chief of staff, Chang Tsu-chuan, escaped, the sources said.

Government forces found no drugs at the village but confiscated more than 10,000 plastic bags for heroin.

In the week after the operation, 150 Chang guerrillas attacked a police station in the Mae Sai border district, killing seven policemen and civilians, Thai officials reported.

Reagan Softens Curbs on Press Access to Aides, But Takes Steps to Identify Leakers of Secrets

By Lee Lescaze

Washington Post Service

WASHINGTON — The Reagan administration has retreated from its effort to police contacts between officials and reporters, but has instituted a new system designed to make it easier to identify

ASEAN to Study Joint Parliament

The Associated Press

KUALA LUMPUR — Parliamentarians from the five member states of the Association of Southeast Asian Nations are considering the establishment of an ASEAN parliament.

At a meeting of the interparliamentary organization here Wednesday, parliamentarians from Thailand, Indonesia, the Philippines, Singapore and Malaysia appointed a special five-member study group to look into details of the plan.

Syed Nasir Ismail, president of the group and speaker of the Malaysian parliament, said the group was to meet in March and report its findings at another meeting in Manila in June.

Conservatives Complain Heatedly to Reagan

By Howell Raines

New York Times Service

WASHINGTON — For the 13 months since President Reagan took office, tensions have been building between his administration and the conservative activists who, as they see it, were with him in the wilderness.

On Monday the frustrations and feelings of betrayal of conservatives boiled over into heated exchanges at an unannounced White House meeting between Mr. Reagan and six representatives of right-leaning groups.

Several times the president brushed aside reminders by his four top aides that he had other appointments. For an hour and 20 minutes, he listened as some hard-liners spoke of their dismay that, among other things, top White House and State Department jobs had gone to moderates instead of to "Reaganites."

The feud was sharpest, according to the accounts of witnesses, when Edwin Meese 3d, counsel to the president, challenged the group to "name one Reaganite who doesn't have a job?"

"Are you kidding?" replied John Lofton, editor of Conservative Digest. He contended that at that very moment the White House was

officials who leak national security information to the news media.

A directive signed by President Reagan orders that all officials who read classified documents prepared by or intended primarily for the National Security Council must sign an attached cover sheet. If such information were to leak, investigators presumably would target their search for the leaker on people whose signatures appeared on the sheet.

By signing the cover sheet, an official acknowledges that he understands the laws governing classified information and promises to cooperate with any "lawful investigation by the United States government" of any unauthorized disclosure.

David R. Gergen, the White House communications director, said the procedure is designed to restrict access to national security information to a minimum of people.

The directive, announced on Tuesday, is the result of a review by William P. Clark, the White House national security affairs adviser. It began early last month, after Mr. Reagan complained at a Cabinet meeting about leaks of memorandums and policy decisions.

It reflects some second thoughts by Mr. Clark, who issued a more sweeping directive on Jan. 12. That order required advance approval by "a senior official" of all contacts between reporters and officials "in which classified National Security Council matters or classified intelligence information are discussed."

That provision prompted criticism from reporters and some government officials, who said it would chill a wide range of useful contacts.

Mr. Clark met Monday with four reporters, at his request, to discuss a draft directive that still contained the prior-approval condition and a requirement that officials write a memorandum to the approving official reporting on the contact with the reporter.

Requirements Dropped

Mr. Clark decided overnight to drop those requirements. One official said Mr. Reagan had indicated that he did not want to get into "an us vs. you versus you guys" situation.

Mr. Gergen said the entire review of the situation and the differing directives have "sent a message through the ranks that the president regards disclosure of Na-

tional Security Council information as a serious matter."

Although the directive applies only to NSC material, the administration expects the CIA and other agencies and departments to draft new procedures for handling sensitive information.

The administration's concern about security centered on two leaks. The first led to reports that crates containing Soviet aircraft had been spotted in Cuba. This could be a violation of a 1962 U.S.-Soviet agreement that prohibits the introduction of offensive weaponry into Cuba. The second led to publication of details of Mr. Reagan's decision on what type of fighter planes to sell Taiwan.

Attorney General William French Smith has been asked to form an interagency group by March 1 to look into the effectiveness of the laws prohibiting unauthorized disclosure of classified information. Mr. Gergen said the group also will study the penalties for such disclosure, but that no new penalties are envisioned.

The cover sheet will be attached to a document at the time it is submitted to an assistant secretary or an official of equivalent rank. After it is attached, it must be signed by all officials no matter what their rank, Mr. Gergen said.

killing the nomination of a long-time adviser to Mr. Reagan, William R. Van Cleave, to the Arms Control and Disarmament Agency.

On Tuesday, the six visitors tried to minimize the disagreements. One of them, Tom Winter, former publisher of Human Events, one of Mr. Reagan's favorite publications, said it was the third such session since his election.

U.S. and South Korea To Join in Maneuvers

United Press International

SEOUL — The United States and South Korea begin their 12th annual "Team Spirit" military exercises at the end of next week in a \$50-million show of force, U.S. military spokesman said Wednesday.

The war games will begin Feb. 13 and end April 26 with the participation of 100,000 South Korean and 57,500 U.S. troops, the spokesman said. North Korea has criticized the exercises as "a northward war preparation" at a recent meeting of the Korean military armistice commission at the truce village of Panmunjom.

However, Mr. Meese, who is known to have a penchant for playing down conflict, acknowledged that the exchange had been lively.

"Personnel matters were discussed and we had what the diplomats call a full and frank discussion and a candid airing of views," he said. "I wouldn't call it heated. I think people were very frank, and as you know, that's a very vociferous group."

Mr. Lofton, he added, was not alone in protesting what Mr. Meese called "the philosophical background of some appointments." Others present were Ed Fudner, chairman of the Heritage Foundation; M. Stanton Evans, the columnist; Alan Ryskind, an editor of Human Events; and John O'Sullivan, editor of Policy Review, a Heritage publication.

"There were a number of things they didn't understand about the background of appointments. We were able to fill them in on that," said Mr. Meese.

But some of the visitors would not sit still for Mr. Meese's excuse that Mr. Van Cleave had not been offered the chairmanship of the General Advisory Committee of the Arms Control Agency because he disagreed with the president's

policy on the basing of the MX intercontinental missile.

Mr. Lofton countered that Mr. Meese and two other White House aides at the meeting, James A. Baker 3d, chief of staff, and Michael K. Deaver, deputy chief of staff, had disagreed with Mr. Reagan's decision not to impose new taxes this year.

Loyalty Test

"If loyalty to the president was the test of your job," Mr. Lofton was quoted as saying, "none of you would be here."

William P. Clark, the national security adviser, listened silently, "watching us punch out on Meese," according to one participant.

Descriptions of the president's response varied. "I think he enjoyed it," said Mr. Meese. But to the conservatives, Mr. Reagan seemed defensive as he went through what sounded like a carefully prepared defense of his administration's record of appointments.

The visitors complained about Secretary of State Alexander Haig Jr. and what they described as a failure to clean out the pro-Communist, "Kissinger" faction at the State Department. The reference was to former secretary of state, Henry A. Kissinger.

U.S. Aides Assail Private Schools' Tax Break

By Stuart Taylor

New York Times Service

WASHINGTON — More than 200 lawyers and others in the Justice Department's civil rights division have signed a letter expressing "serious concerns" about the Reagan administration's decision that racially discriminatory private schools are entitled to tax exemptions under current law, Justice Department sources said.

The letter, sources said Tuesday, represents a continuation of a prolonged and intense debate within the administration that led up to the Jan. 8 decision to grant tax exemptions to segregationist schools. Some of the high-level internal conflicts leading up to that decision have just become known through Justice and Treasury Department documents obtained by the Senate Finance Committee, which is holding hearings on President Reagan's proposal for a law to deny the exemptions.

The letter, addressed to William B. Reynolds, the head of the civil rights division, and dated Jan. 26, also asked Mr. Reynolds to explain his role in advocating the view that there was no legal basis for continuing an 11-year-old policy of denying exemptions to such schools.

The more than 200 signers of the letter include almost half the employees of the division, which has been in turmoil off and on for months over the administration's reversal of a long-standing civil rights policy.

The letter said, "We have serious concerns about President Reagan's recent decision to extend tax-exempt status to racially discriminatory private schools." It added that "many of these schools were established for the purpose of perpetuating racial segregation in communities" where public schools had been desegregated.

A spokesman for Mr. Reynolds said late Tuesday, in response to questions about the letter, that civil rights division employees would be given copies of a long legal memorandum he wrote late last month explaining his view that there was no legal basis for denying exemptions to such schools.

California Youth Jailed For Role in Girl's Death

The Associated Press

SAN JOSE, Calif. — A teen-ager who showed "a perverse sense of morality" by kicking leaves over the body of a strangled girl must serve up to three years in a juvenile court judge ruled Tuesday.

The judge handed down the sentence after finding Kirk Rasmussen, 16, guilty of being an accessory in the death of Mary Conrad, 14. Miss Conrad's body was discovered Nov. 5 in a ravine near the Milpitas foothills. She had been killed two days earlier by Anthony J. Broussard, 17, who faces trial as an adult on charges of raping and murdering his former girlfriend.

ing exemptions to segregationist private schools.

The documents released by the Finance Committee Monday show how the Justice and Treasury departments initially decided to ask the Supreme Court to uphold an 11-year-old policy of denying exemptions to those schools and then, after a flurry of memos, meetings and consultations with the White House in December, reversed themselves Jan. 8.

The deliberations took place amid intense lobbying by key Southern conservatives in Congress who urged that exemptions be granted to segregationist schools. The administration decided to do so despite arguments by some Justice and Treasury Department lawyers that it would be illegal and might be seen as a political sop to racists.

The documents include internal memorandums between high Justice and Treasury officials and correspondence with members of Congress.

Together with testimony by Deputy Attorney General Edward C. Schmitt at a Senate Finance Committee hearing Monday, the documents show that Mr. Reynolds, a Reagan appointee, was one of the chief advocates of the view that segregationist schools were legally entitled to tax exemptions.

They show that Mr. Reynolds and his allies, including aides to Mr. Schmitt and Attorney General William French Smith, prevailed over objections by the head of the Internal Revenue Service and over career Justice Department lawyers in the solicitor general's office and the tax division.

Those who raised legal and other objections to granting tax exemptions to segregationist schools in internal deliberations in December, the documents show, included Roscoe L. Egger Jr., head of the IRS; Lawrence G. Wallace, the deputy solicitor general in charge of a pending Supreme Court case

involving the issue; Robert A. McConnell, the top career lawyer in the Justice Department's tax division; Theodore Olson, head of the Justice Department's Office of Legal Counsel; and Peter G. Wallison, general counsel of the Treasury Department.

Armed with legal briefs and aided by references to the Republican platform and Mr. Reagan's cryptic positions on a correspondence log leaked to Rep. Trent Lott, Republican of Mississippi, Mr. Reynolds and his allies persuaded Mr. Smith and Mr. Schmitt to adopt the position that there was no legal basis for denying tax exemptions to private schools that exclude blacks.

This position, forcefully expounded by Mr. Schmitt, Mr. Reynolds and Deputy Treasury Secretary R.T. McNamee at a Finance Committee hearing Monday, and by Mr. Reagan at a news conference last month, is contrary to the decisions of several federal courts, one of which was affirmed by the Supreme Court in 1971.



Passengers are shown disembarking after hijacked plane landed safely in Key West, Fla.

Hijacker Reportedly a Mental Patient Purged by Cuba

United Press International

MIAMI — A young Cuban refugee who hijacked an Air Florida jet to Havana was among the criminals and mental patients purged from Cuban jails and asylums during the Mariel seafair in 1980, it was learned Wednesday.

The FBI has identified Sergio

Ortega Rojas as the man who Tuesday commandeered a Boeing 737 with 77 persons aboard shortly after it left Miami for a flight to Key West, Fla. The plane landed at Havana's José Martí Airport, where Mr. Ortega was taken into custody.

The passengers and crew left Havana at 6 p.m. and arrived in

Key West 30 minutes later. Sources said Mr. Ortega had been under psychiatric care at the Florida State Hospital at Chattahoochee. The Cuban government has given no word on what has become of him. The State Department has begun pressing for his return to face piracy charges.



SHUTTLE MOVED — The space shuttle Columbia is transferred to the Vehicle Assembly Building at the Kennedy Space Center Wednesday before next liftoff March 22.

Trudeau Blames Slump On U.S. Interest Rates

By Stanley Meisler

Los Angeles Times Service

TORONTO — Prime Minister Pierre Elliott Trudeau, defending his economic policies during a severe recession, placed much of the blame for Canada's troubles on the high interest rate policies of the United States.

But, in an unrelenting attack on national policies, the premier of all 10 provinces — Conservatives as well as New Democrats — called on Mr. Trudeau to stop following the policies of the U.S. government and start reducing interest rates in Canada no matter what happens in the United States.

Premier Allan Blakeney of Saskatchewan described Canada's high interest rates as "perverse, unfair to the point of being immoral."

Mr. Trudeau and the premiers made their statements in the opening session Tuesday of a conference in Ottawa on the national economy. After the session, which was televised nationally, the prime minister and the premiers began a series of private meetings that are expected to continue this week.

Oil Price Increases

In his explanation of the problem, Mr. Trudeau said that the United States, after the shock of new worldwide oil price increases two years ago, "embarked on a deliberate policy of tight money, forcing interest rates to levels which previously had been unknown in history except perhaps among a class of lenders on the fringes of society."

"Within the United States," he said, "the economy has slowed to a crawl, and with that decline has gone a good part of a major market for what we in Canada produce. The effect in all this has been substantial in every country, but we next door have felt it more than most."

"To ensure continuing investment in Canada, to give reasonable protection to our dollar," he said, "...the government in Canada has had little choice but to let our interest rates keep pace with, indeed sometimes exceed, those set in the United States."

On top of this, he said, Canada had home-grown problems of its own and "the policy of restraint based on our firm belief that printing more and more money would unsuccessfully risk our chances of reducing inflation and lowering interest rates in the long run."

No Defenders

But this economic philosophy fell under attack quickly because of the unemployment, bankruptcies and mortgage foreclosures caused by the high interest rates. Mr. Trudeau had no defenders.

Noting that Canada had experimented with a high interest rate, tight money policy for six years, Premier Blakeney, a member of the leftist New Democratic Party, said: "Let's admit it. That experiment has failed. Failed, because from the start it was never an economic policy designed for Canada. It was an imported policy directed from the textbooks of [American economist] Milton Friedman."

Study Says Tests In U.S. Are Not Unfair to Blacks

New York Times Service

WASHINGTON — Standardized tests given to applicants for schools and jobs are generally valid and not in themselves unfair to blacks and other minority groups, a panel formed by the National Academy of Sciences has concluded.

The panel, which released the report Tuesday after four years of study, warned, however, that the tests had "inherent limitations" and that they could hurt certain groups if relied on too heavily.

The Educational Testing Service, which makes the Scholastic Aptitude Test and other tests, called the report very positive. But Allan Naim, a consumer advocate who two years ago prepared a report for the Ralph Nader organization denouncing the testing industry, said the academy report "told the industry line in most cases."

The new report, prepared by a 19-member committee headed by Wendell R. Garner, a Yale University psychologist, suggested that low test scores for many minority youths reflected deprived backgrounds. It recommended that employers and schools give weight to such factors as motivation as well as test scores.

The premiers insisted that high interest rates had become the cause rather than the cure for inflation and that, in any case, the social cost in jobs, homes and businesses lost had become unacceptable. Several said they would accept a further decline in the value of the Canadian dollar (now worth 83 U.S. cents) as one of the costs of lowering interest rates below those in the United States.

The Canadian recession, which several premiers described as the worst in 30 years, has resulted in an unemployment rate of 8.6 percent, slightly under that in the United States. The 1981 inflation rate of 12.5 percent and the latest commercial bank prime rate of 16.5 percent were higher than those in the United States.

The six-man team headed by Pretoria Judge Pieter Jacobus Rabie was asked to examine the "necessity, adequacy, fairness and efficacy" of legislation affecting the internal security situation in South Africa.

The commission said in its report that South Africa's stringent security laws were necessary because acts of terrorism and sabotage were committed in recent years were likely to increase in the future. But it said that some laws were inequitable and lacked adequate controls.

New Ministry Proposed

CAPE TOWN — A government-appointed commission on South Africa's security laws Wednesday recommended greater accountability of security actions and a tighter definition of offenses.

The commission also suggested greater access to persons detained without charge, including visits by a doctor and by a magistrate at least every two weeks. Political analysts described the 250-page report of the Rabie commission as balanced, aimed more at modernizing security laws than liberalizing them. The report, presented in Parliament Wednesday, was the second this week to recommend greater internal review of security police actions.

Commission Set Up in 1959

On Monday, the Steyn commission reported on the media, which caused a storm of protest by proposing tighter press controls, said that all detention and banning orders should be reviewed by a supreme court judge.

The Rabie commission was set up in August, 1979, at a time of mounting international criticism of security police actions, in one of the first actions of Prime Minister Pieter W. Botha after he took office.

Justice Minister H.J. Coetsee said that the government would make a close study of the report and refer it to such bodies as the chief justice, the police union and the bar council before making any decision on its findings. Mr. Botha has said that both reports should be discussed in a special parliamentary debate.

The six-man team headed by Pretoria Judge Pieter Jacobus Rabie was asked to examine the "necessity, adequacy, fairness and efficacy" of legislation affecting the internal security situation in South Africa.

The commission said in its report that South Africa's stringent security laws were necessary because acts of terrorism and sabotage were committed in recent years were likely to increase in the future. But it said that some laws were inequitable and lacked adequate controls.

Paris-Rome Talks Set on Wine Issue

Reuters

ROME — A growing dispute over wine — sparked when French customs officials began blocking Italian imports last month — is to be the subject of talks Thursday between Italian and French agricultural officials.

Italy's Foreign Trade Ministry has estimated that 45 billion lire (\$35 million) in Italian wine has so far been hit by the French action, which began after protests by French winegrowers who said their market is being flooded by cheap Italian wine. Italian unions have called for swift retaliation.

The French policy has aroused criticism at European Economic Community headquarters in Brussels, particularly since Italy last year had a 2,000-billion lire (\$1.6-billion) deficit in its trade — mainly agricultural — with France.

Casey Said to Deny CIA Had Role In Activity of Ex-Agents in Libya

By Jeff Gerth

New York Times Service

WASHINGTON — William J. Casey, the director of central intelligence, has told the House Select Committee on Intelligence that the CIA had tentatively concluded that the agency had no official involvement in the Libyan activities of former agents Edwin P. Wilson and Frank E. Terpil, according to congressional sources.

Mr. Casey also told the closed hearing Tuesday, the sources said, that the CIA shared the committee's concerns about preventing future misuse of intelligence expertise and information as well as ensuring the adequacy of internal CIA controls.

S. Africa Study Urges Updating Security Laws

Reuters

CAPE TOWN — A government-appointed commission on South Africa's security laws Wednesday recommended greater accountability of security actions and a tighter definition of offenses.

The commission also suggested greater access to persons detained without charge, including visits by a doctor and by a magistrate at least every two weeks.

Political analysts described the 250-page report of the Rabie commission as balanced, aimed more at modernizing security laws than liberalizing them. The report, presented in Parliament Wednesday, was the second this week to recommend greater internal review of security police actions.

Commission Set Up in 1959

On Monday, the Steyn commission reported on the media, which caused a storm of protest by proposing tighter press controls, said that all detention and banning orders should be reviewed by a supreme court judge.

The Rabie commission was set up in August, 1979, at a time of mounting international criticism of security police actions, in one of the first actions of Prime Minister Pieter W. Botha after he took office.

Justice Minister H.J. Coetsee said that the government would make a close study of the report and refer it to such bodies as the chief justice, the police union and the bar council before making any decision on its findings. Mr. Botha has said that both reports should be discussed in a special parliamentary debate.

The six-man team headed by Pretoria Judge Pieter Jacobus Rabie was asked to examine the "necessity, adequacy, fairness and efficacy" of legislation affecting the internal security situation in South Africa.

The commission said in its report that South Africa's stringent security laws were necessary because acts of terrorism and sabotage were committed in recent years were likely to increase in the future. But it said that some laws were inequitable and lacked adequate controls.

At Least 4 New Saturn Moons Found As Voyager Photos Are Re-examined

By George Alexander

Los Angeles Times Service

PASADENA, Calif. — Scientists at the Jet Propulsion Laboratory announced this week the discovery of at least four, and perhaps as many as six, new moons around the planet Saturn.

The findings, announced Tuesday, brought the number of known moons around Saturn to 21 or 23, more than twice as many as were known before U.S. space probes started flying past the ringed planet several years ago.

The new moons were found when Jet Propulsion Laboratory scientists Stephen P. Synnott and Richard Terrell re-examined images of the Saturnian environment sent by the Voyager-2 spacecraft last September. But even when enhanced by computers, the new moons are so small — between 6 and 12 miles (9.6 to 19 kilometers) in diameter — that they appear on the pictures either as pinpoints or faint streaks of light.

The additional moons should "help us piece together the history of [Saturn's] light rings," said Mr. Terrell, who added that they lend support to the "collisional theory" he and another scientist had been advancing to explain the origin of the rings.

Mr. Terrell and Mr. Shoemaker last year suggested that the splendor of Saturn's rings may be the ruins of partly rocky, partly icy moons that were shattered by collisions with comets or asteroids. "We're seeing a greater range of fragment sizes [in and around the rings]," Mr. Terrell said, "which is what you would expect to see if these were once larger objects that have been broken up."

The four confirmed new moons, according to Mr. Synnott, are: One in or near the orbit of Mimas, the innermost Saturnian moon, at approximately 116,000 miles (186,000 kilometers) out from the planet.

One fragment in the orbit of Tethys, another major moon, at a distance of 183,000 miles. Tethys is already known to have two tiny companions, so this newly found object could become the third moonlet.

One between the orbital paths of Tethys and Dione, another major moon, at a distance of about 217,000 miles.

One traveling ahead of Dione, in its orbit, some 235,000 miles out from Saturn, at a "libration point" where the satellite is effectively locked between two opposing gravitational fields.

The fifth and sixth new moons,

tage committed in recent years were likely to increase in the future. But it said that some laws were inequitable and lacked adequate controls.

New Ministry Proposed

CAPE TOWN — A government-appointed commission on South Africa's security laws Wednesday recommended greater accountability of security actions and a tighter definition of offenses.

The commission also suggested greater access to persons detained without charge, including visits by a doctor and by a magistrate at least every two weeks.

Political analysts described the 250-page report of the Rabie commission as balanced, aimed more at modernizing security laws than liberalizing them. The report, presented in Parliament Wednesday, was the second this week to recommend greater internal review of security police actions.

Commission Set Up in 1959

On Monday, the Steyn commission reported on the media, which caused a storm of protest by proposing tighter press controls, said that all detention and banning orders should be reviewed by a supreme court judge.

The Rabie commission was set up in August, 1979, at a time of mounting international criticism of security police actions, in one of the first actions of Prime Minister Pieter W. Botha after he took office.

Justice Minister H.J. Coetsee said that the government would make a close study of the report and refer it to such bodies as the chief justice, the police union and the bar council before making any decision on its findings. Mr. Botha has said that both reports should be discussed in a special parliamentary debate.

The six-man team headed by Pretoria Judge Pieter Jacobus Rabie was asked to examine the "necessity, adequacy, fairness and efficacy" of legislation affecting the internal security situation in South Africa.

The commission said in its report that South Africa's stringent security laws were necessary because acts of terrorism and sabotage were committed in recent years were likely to increase in the future. But it said that some laws were inequitable and lacked adequate controls.

Paris-Rome Talks Set on Wine Issue

Reuters

ROME — A growing dispute over wine — sparked when French customs officials began blocking Italian imports last month — is to be the subject of talks Thursday between Italian and French agricultural officials.

Italy's Foreign Trade Ministry has estimated that 45 billion lire (\$35 million) in Italian wine has so far been hit by the French action, which began after protests by French winegrowers who said their market is being flooded by cheap Italian wine. Italian unions have called for swift retaliation.

The French policy has aroused criticism at European Economic Community headquarters in Brussels, particularly since Italy last year had a 2,000-billion lire (\$1.6-billion) deficit in its trade — mainly agricultural — with France.

Casey Said to Deny CIA Had Role In Activity of Ex-Agents in Libya

By Jeff Gerth

New York Times Service

WASHINGTON — William J. Casey, the director of central intelligence, has told the House Select Committee on Intelligence that the CIA had tentatively concluded that the agency had no official involvement in the Libyan activities of former agents Edwin P. Wilson and Frank E. Terpil, according to congressional sources.

Mr. Casey also told the closed hearing Tuesday, the sources said, that the CIA shared the committee's concerns about preventing future misuse of intelligence expertise and information as well as ensuring the adequacy of internal CIA controls.

The six-man team headed by Pretoria Judge Pieter Jacobus Rabie was asked to examine the "necessity, adequacy, fairness and efficacy" of legislation affecting the internal security situation in South Africa.

The commission said in its report that South Africa's stringent security laws were necessary because acts of terrorism and sabotage were committed in recent years were likely to increase in the future. But it said that some laws were inequitable and lacked adequate controls.

Paris-Rome Talks Set on Wine Issue

Reuters

ROME — A growing dispute over wine — sparked when French customs officials began blocking Italian imports last month — is to be the subject of talks Thursday between Italian and French agricultural officials.

Italy's Foreign Trade

Japan's Domestic Market

Japan's minister of international trade, Shintaro Abe, listened with apparent sympathy in Florida last month to the complaints of his American and European counterparts. Yes, he agreed, Japan's enormous trade surplus with the West during this recession is a serious strain on the alliance. And yes, Japan could do more to welcome imports.

Many legal changes have now been made. For example, importers will no longer have to switch the cords on electrical appliances to meet Japanese safety codes. It would be foolish to pretend, however, that Japan's large trade surplus will thus be significantly cut. To reduce the risk of protectionist retaliation, Japan has to be persuaded to expend less of its phenomenal energy on satisfying foreign consumers and more on improving living standards for its own people.

Japanese officials have been conciliatory in public, but in private they are bitter. Their export success, they argue, testifies to their skill in identifying consumer desires, maintaining high savings and labor productivity and adjusting to energy shocks. If the West had done half as well, there would be no recession and no yearning to restrict competition in autos, steel and consumer electronics.

They are right. But finger-pointing won't alter political and economic realities. Europe and America need breathing room to restructure their economic systems. That should not

mean "voluntary" export restraints like the auto agreement extorted from the Japanese by the Reagan administration last year. It should mean a continuing effort to open the Japanese market to foreign products. And that, above all, requires important changes in the way the Japanese economy operates, keying growth to domestic rather than foreign consumer demand.

Last year Japan's economy grew by 4 percent, but two-thirds of the added output was sold abroad. That has been the Japanese way: Spend little, save much. But the tradition has left Japan with a surprisingly low living standard, notably in housing. If the Japanese were to cut taxes or raise social spending, they could begin to enjoy the fruits of their success, and the stimulus to their domestic economy would ease the adjustment pains for their foreign competitors.

There are good political reasons why Japan resists such changes. Its import barriers assure the survival of weaker industries. Exports are favored because it is dependent on imported energy and basic foodstuffs. Social spending has been curtailed because the electorate has a mortal, if irrational, fear of government budget deficits. But all countries have reasons to resist change. Unless Japan becomes as flexible politically as it is economically, the whole world will be poorer.

THE NEW YORK TIMES.

Where Is the Economy?

"Watch out for the pea and the shells," said a voice inside the Reagan administration. Just so. The shells in the State of the Union Message — a complicated and wrongheaded swap of state and federal social programs — were meant to distract. The hidden pea was the true state of the economy.

Mr. Reagan had no new ideas for dealing with its immediate problems. His confidence notwithstanding, they are no nearer solution than on the day he was sworn in.

In his first year, President Reagan offered sweeping measures: a curb on non-defense spending; tax reductions for corporations and affluent individuals; a tight hold on the money supply. All this, he predicted, would stimulate productivity and buoyant growth with stable prices. He wanted nothing to detract from the drive for economic recovery, without which there would be no sensible social reform or convincing military strategy.

The president got most of what he asked for, and in some cases more. The results, however, have been far from reassuring. Partly due to good luck on energy and food supplies, inflation has been cooled. But monetary restraint has devastated the housing, auto, farm machinery and lumber industries. Overall, the economy is in deep recession, with unemployment pushing 9 percent and no relief in sight. Most ominous, neither lenders nor corporate borrowers see a brighter future. The giant deficits forecast for the recovery years of 1983 and 1984 — a result of those big tax cuts — have scared the markets into coma. Despite the recession, interest rates on long-term corporate bonds, which register expectations about inflation, hover above 15 percent.

Reaganomics looks more and more like a bet on the familiar Republican remedy of a

sound buck and trickle-down prosperity. Yet Mr. Reagan pursues it with an inexplicable indifference to deficits.

There are alternatives, much safer bets:

A tax correction: Balancing the budget in the middle of the recession would be self-defeating. But there are strong reasons — now — to raise the taxes to be collected in the recovery years of 1983 and 1984. That would reduce the risk of resurgent inflation. Just as important, it might make Wall Street courageous and let corporations begin to raise capital, and productivity, at affordable costs. Democrats argue for a stretch-out of the scheduled tax cuts. Many Republicans lean toward modest increases in excise taxes. Better than either of these would be a tax on imported oil and domestic natural gas, to reduce future energy shocks.

A defense stretch-out: The budget ax has not yet touched inviting civilian targets — water projects, veterans' pension excesses, Social Security benefits for the affluent. But the resistance is fierce. The surer way to hold down spending in 1983 would be to stretch out the military buildup, or drop questionable projects like the B-1 bomber altogether.

A wage policy: The recession is wringing out inflation by driving down production costs, two-thirds of which tend to be wages. But the collapse of the industrial Midwest proves what an incredibly wasteful wage-reduction program that is. The same results might be achieved less painfully by government tax breaks for workers who settle for less, and penalties for companies that accept inflationary contracts. Unions have never been interested. But they have not been in such a pickle since the Depression. They just may be ready for something new.

THE NEW YORK TIMES.

Mitterrand on History, America and Prospects

By James Reston

PARIS — President Mitterrand is not happy with the state of the Atlantic alliance these days. But, unlike many others in Europe, he is cautiously optimistic about the future of the Western world. There will always be crises, he says, but we should not confuse crises with decline.

In two long conversations at the Palais de l'Elysee, he argued for a sense of history about our present troubles.

When he was 20, 45 years ago, he said, Stalin was in the Kremlin, and the leaders on France's borders were Hitler in Germany, Mussolini in Italy and Franco in Spain. So that those who regard the last years of the 20th century as the worst of times may lack a sense of proportion.

Mitterrand has been rereading de Tocqueville on America recently, and is convinced that de Tocqueville's confidence in America's power and democratic traditions will prevail. Mitterrand said he has always felt that the American people have resources of energy and imagination that will continue into the 21st century.

Perhaps not in quite so dominant a role as in the last two generations, he thought. Other power centers will arise in time — he mentioned China, Japan, Brazil and Mexico — but the "genius" of the United States will find ways of adjusting to the changing circumstances of the coming world.

It may be, he observed, that America will have to think of adapting its institutions to make sure that the mainsprings of its de-

mocracy are sound and do not suffer from the inequalities of race or class.

He would put it this way, he said: It is essential that the American people and state should be really strong for the defense of the values of the West, and appreciate that the United States will be a great nation so long as it never acts contrary to public freedoms.

Mitterrand is obviously eager to talk to President Reagan about these deeper questions — perhaps on his way to Japan in April, or preferably sooner. Meanwhile he talked of immediate problems:

• Unemployment in the West: 8.9 percent in the United States, 7.5 percent in France, 10 percent (or 25 million people) in Western Europe. Mitterrand said that he was not prophet, but that if U.S. policies continued as they are, unemployment would undoubtedly increase.

• Interest rates: He was not judging Reagan's economic policies for the United States, he said; that was Reagan's responsibility. But high interest and exchange rates were weighing very heavily on the economies of the allies.

• What could Europe do about this? As there is already a European monetary system, Mitterrand replied, it would be a good idea if there were also a European system for rates of interest. He added that there would also have to be a system of control to avoid capital outflow from Europe.

• European anti-nuclear demonstrations: On this question, he said the German problem is most important. Many West Germans feel, he said, that their country is "a barrel of explosives," including thousands of nuclear weapons over which they may have no control. This problem, he said, would be with us for a long time, but it had been eased lately by the Soviet action in Poland.

• Poland: That was a genuine revolution, unlike Czechoslovakia in 1968 or Hungary in 1956. It was not strong enough to shake the foundations of the Soviet empire, he said. It was not decisive, but sometimes, as in 1948, revolutionary movements, while not immediately successful, foreshadow events, as in the collapse of the Austro-Hungarian Empire long after the death of Metetrich.

Mitterrand seemed to be saying that time is not on the Soviet side but on the side of freedom. He was also saying that we have to be clear about what the West can do in Poland and what it cannot do.

Personally, he said, he does not believe in an economic blockade of Poland and the Soviet Union unless it is part of an agreed allied strategy of confrontation. But there is no such agreement within the alliance. There is not even much consultation. There are exchanges of impressions and prophecies, but no serious consultation on a strategy of confrontation. This would have involved, he said, the question of military op-

position or economic blockade, which would have been a first step toward military action. Nobody in the West, Mitterrand implied, is prepared to believe that Poland could be detached from the Soviet empire by threats while Moscow buys grain from America and sells natural gas to Western Europe.

What the West cannot do, he insisted, is encourage Polish military resistance that the West is not willing to support. What it could do, he suggested, is help the Polish people with food and credits and make clear it has heard their cries and supports their aims that are rationally within their reach: a return to civil law, release of political prisoners, restoration of communications through the press, and resumption of negotiations between the Polish government and the unions and the church.

Mitterrand was clearly trying to make the best of a bad situation and didn't want to pick a fight with anybody. But he said that Poland had been part of the Soviet sphere of influence ever since Yalta two generations ago, and that those who signed that agreement without assuring that its terms would be carried out should be careful about proposing sudden remedies for its abolition.

He argued for more consultation, cooperation and coordination of policies among the allies, and on the basis of history, a little more confidence that the last years of the century will be better than most commentators in the West now suppose.

©1982, The New York Times.

The Party Perplexes Italians

By Enrico Jacchia

ROME — The quarrel with Moscow over Poland has put the Italian Communist Party on center-stage in Rome. Although momentarily eclipsed by the liberation of General De Gaulle, the dominant question remains the acceptability of the Communists as a reliable partner in government.

A certificate of good conduct has been denied to them for 35 years. The consequences of a sudden change would be far-reaching.

For decades, the Christian Democrats have justified their opposition to the Communists on the ground that they obey Moscow. This is an oversimplification, but it has proved useful as a way of keeping Enrico Berlinguer's party out of power. If the Communists break with Moscow, their political image will change.

To what extent? This question is the core of the present debate in the directorates of the five-party government coalition.

There is another aspect of the debate that may have an impact far beyond Italy's borders. It has been said that a main concern in Moscow has been the stance of the Italian party — supported by the Spanish and other "Eurocommunist" parties — toward the so-called liberation movements. Italy is of marginal importance in Soviet planetary strategy, but the Third World is essential.

The Italians have taken a number of initiatives that collide with the Soviet line in Africa and Latin America. In Mozambique, for instance, they have a strong influence on the government, which is Marxist-oriented but seeks, like the Angolan government, to diminish its dependence on Moscow.

Ethiopia is perhaps the country in Africa in which Communism has taken deepest root. A high-level delegation of the Ethiopian Revolutionary Council came to Rome last fall for a week-long exchange of views with the leadership of the Italian Communist Party. It has been reliably reported that most of the talks centered on Eurocommunism, an ideology that could appeal to the independent-minded Ethiopians.

Italy's Communists have established good connections with Marxist movements in the Arab world and with Latin American revolutionaries. On a recent visit of Central American leaders, Berlinguer was enthusiastically welcomed by the local leftist movements, which are now returning the visit. A delegation of the El Salvador Communist Party has been in Rome as guests of the Italian party.

The Italian Communists have worked out a policy adapted to the ideological requirements of these Marxist nationalists in the developing nations who are looking for a "third way" between free enterprise — or capitalism, as they call it — and Soviet Communism.

It is often asked whether international security and world stability are best served if the strongest Communist party in the West is free to influence the Third World wholly independently of Soviet control or direction.

Although the prospects for genuine détente look dim at present, some compromise will have to be reached eventually between the requirements of the Western democracies and those of the Eastern bloc. Moscow can be expected to comply with the basic rules of such a compromise, one of which would be restraints on the overseas activities of its client parties.

However, if a heretical yet influential Italian Communist Party were acting on its own, it could help to subvert Central America or counter Western policies in Africa — in effective ways, yet beyond the responsibility of Moscow.

©1982, International Herald Tribune



Suslov Lives, but Changes Await the System

By Leopold Unger

BRUSSELS — Torquemada has just died. The religion has long been moribund, but the church and the inquisition remain. Mikhail Suslov, the last grand baron of Bolshevism, was not much older, and apparently not more sickly, than the other old men in the Communist Party Politburo, the supreme organ of power in the Soviet Union. Leonid Brezhnev, the president, who is 75, long appeared to be in failing health and more likely than Mr. Suslov to make a quick exit. The dean of the Politburo, Arvid Pelshe — "the man who knew Lenin" — is 93.

Yet the death of Suslov, who directed agitprop for more than 40 years, is worth special note, for while he was a symbol of Communist dogmatism, intolerance and

the creative sterility of the Soviet system, his death is unlikely to bring about any immediate change in the Kremlin's political strategy or even its propaganda.

It was Suslov who thought up the ideological justifications for all the phases of the Soviet political and military expansion, from the great purge of the 1930s, through all the economic misadventures (Tito and Mao, for example), all the pacifications (Hungary, Czechoslovakia), up to the ultimatum he delivered in person last May to Warsaw warning that "the tide of events must be turned."

The catastrophe in Poland — where the army violated his basic principle of party superiority and took over the reins of government

— was only a temporary interruption in the Suslov line.

Premier Alexei Kosygin died more than a year ago; his seniority as premier and as a director of the economy was equal to that of Mr. Suslov. His death did not bring about a transformation of the economic system, despite the fact that the system has maintained the standard of living in the Soviet Union at the level of an underdeveloped country.

Despite a long series of political defeats including the recent break with the Italian Communist Party, and despite the loss of its power to proselytize, the Suslov ideological line will probably survive Suslov.

There may be some difficulty in choosing a replacement for the

Grand Ideologue. Sixty-four years after the Bolshevik revolution, the Soviet Union has still not managed to establish a normal process of succession.

Still, the Soviet Union is a young country. As paralyzed as the system may be, younger generations are waiting to benefit from normal movement upward.

The current phenomenon may be without precedent in history: a vast country ruled by a senior citizens' club. The average age in the Politburo is 70; that in the Central Committee Secretariat is 68; in the Central Committee it is 64, and in the Presidium of the Council of Ministers it is 69.

This incongruous situation is the result of an equilibrium, a cautious balance among the Politburo and the various institutions of the Soviet establishment. Each of the 14 Politburo members represents a separate corps of the nation, a separate lobby, caste or clientele, with ramifications all the way down to the municipal level.

The death of a leader of Suslov's stature is bound to shake the edifice and bring changes in at least 5,000 responsible posts, by the estimate of some experts. It was because the Soviet nomenclature was not prepared to handle a change of this magnitude that not a single member of the ruling group was removed or shifted during the 26th party congress a year ago.

Suslov's "unexpected" death may therefore lead to a battle among the clans headed by their Politburo leaders, which would have a domino effect. It might bring about a series of simultaneous departures from power and result in a broad transfer of responsibilities.

Little is known about the new men waiting to take power. They certainly will be better educated than those who leave, less rigid, also, because less marked by the horrors of World War II and by the guilt of Stalinist atrocities. They will be less conservative, more flexible and, at the same time, less bound by tradition and more likely to do the unexpected.

The domestic paralysis of the Soviet system of which Suslov was the high priest was always compensated for — and still is — by expansion outside the Soviet borders. Soviet chauvinism and aggressiveness on the international scene allowed Suslov and his colleagues to freeze the system, to avoid reform and to delay change.

The question that comes up now is not who will replace Suslov but what his successor will do — and what all the new Suslovs will do with the power they soon inherit.

©1982, International Herald Tribune

Letters

German Jews

Regarding the assertion in a Reuters report from Berlin (IHT, Jan. 20) that "Germany once had a thriving population of 2 million Jews": The correct figure for 1933 would be about 499,700.

Today, the report says, "There are about 30,000 in West Germany and 20,000 in East Germany." The correct figures are about 27,350 in West Germany and 700 in East Germany. Oddly enough, the same errors appeared under a different signature in The Times of London. Were both reports perhaps using the same unreliable source?

C.C. ARONSFELD, Harrow, England.

There has at no time been a population of 2 million German Jews. The right figure for the period from 1919 to 1933 would be in the 500,000-600,000 range.

Imprecise and exaggerated statements relating to the Holocaust can play into the hands of neo-Nazi "revisionist" propaganda.

J. SEELMAECKER, Feldafing, West Germany.

The Jewish population of Germany in 1933, when Hitler unfortunately came to power, was about 600,000, of whom some 200,000 lived in Berlin. When World War II broke out in 1939, some 120,000 had emigrated. Some 450,000 Jewish subjects were murdered.

The grim balance of the some 5,550,000 Jews murdered by the Third Reich came mostly from Poland (3 million). If the megamillion criminals at the Wannsee conference talked of 11 million Jews, it was because they foresaw themselves as masters of all of the Soviet Union as well as Britain, Spain and Switzerland.

HENRY S. BONDI, Maennedorf, Switzerland.

Schmidt the Ally

With reference to two articles on the editorial page (IHT, Jan. 15), by William Pfaff on the domestic factors behind U.S. foreign policy and by William Safire on a Washington dinner party given by Chancellor Schmidt, I would like to congratulate the IHT for the range of contradictory opinion and U.S. trends that it presents. In contrast with the excellent

analytical contribution from Pfaff, Safire's treatment of the dinner that Chancellor Schmidt gave at the West German Embassy for a group of distinguished Americans was vitriolic and mischievous.

Safire pretends to know how the conversation went. According to my information, he is wrong when he concludes that Schmidt "came across as nervous, petulant, self-deceiving and irresolute — a reflection of what some of the staunchest supporters of the Atlantic alliance fear may be the state of his nation."

This conclusion is the biased and absurd message about Federal Germany that Safire has been trying to convey for a long time. His anti-German attitude is based on prejudice; it ignores the strategic truism that Federal Germany is a most reliable member of the Atlantic alliance, and for reasons rooted in dramatic events of the last 50 years of German and European history, the most loyal ally of the United States.

Anyone who contests the integrity and loyalty of Chancellor Schmidt assists in undermining Federal Germany's reliability as a sincere friend of the United States and a loyal partner in the alliance.

The specific geopolitical and strategic position of Federal Germany in the middle of Europe, integrated in the structure and mechanism of the Atlantic alliance with specific obligations and exigencies toward East and West, should be seen by Western strategists in the right functional perspective. It is my conviction that Chancellor Schmidt and his social-liberal coalition are a constructive and contributive force in the alliance.

STEPHAN G. THOMAS, Bonn.

On South Africa

The frivolous piece by Jonathan Power (IHT, Feb. 1) — with such statements as "over the last 20 years there have been far more political prisoners in South Africa than in Poland," the implication that the persons involved in the seizure of an Air India aircraft were only repressed by the South African authorities after threats of sanctions from certain Western countries, and the assertion that "Namibia legally belongs to the United Nations" — is unworthy of

a serious paper like the International Herald Tribune.

NEIL P. VAN HEERDEN, South African Ambassador, Bonn.

Regarding a report on South Africa (IHT, Dec. 16): Fortunately for South Africa, we are still a nation that honors its religion and churches, and we are proud to remember the bravery of our forefathers who put their trust in God. Gen. Andries Pretorius, who led the Boers to victory over the Zulus, was my great-great-grandfather. "The Day of the Covenant" is not a racist, sabre-rattling occasion. It is treated as a Sunday with services of thanksgiving and remembrance of the sacred vow that it would be celebrated thus.

SUZANNE SMITH, Paris.

Late Bad News

The news always arrives a little late in this corner of the world. Red Smith's view of the sports news always kept it fresh somehow. The news of his death also arrived a little late, and perhaps I'm just a little sadder for it.

ROBERT PATTERSON, Kigali, Rwanda.

Words for Poland

Has anyone thought to inquire among Polish people as to whether they might have preferred that the money spent on that television show be used to send food?

NESTA COMBER, Vence, France.

Feb. 4: From Our Pages of 75 and 50 Years Ago

1907: Lively Tehran Parliament

TEHRAN — There was great excitement at the latest sitting of Parliament. The Speaker demanded why the deputies had not yet taken the oath of allegiance prescribed by the constitution. Someone cried: "They refused the oath because they are traitors." This caused an extraordinary uproar. All the deputies speaking together, while the president rang his bell to restore order. The Grand Vizier's letter, naming eight responsible ministers, was then read. The assembly asked whether the Finance Minister is responsible for the customs. Saad ed Dowleh said that as Great Britain, with all her dependencies, has eight ministers, the Cabinet of Persia, which is a smaller nation, need not have more.

1932: In Praise of the Hatpin

PARIS — A reader continues a discussion on the return of the hatpin. "In the first place," she writes, "it retains the hat at the desirable angle. As a weapon it is even more useful. Many a time and oft, when out alone at night I have felt safe and even courageous knowing I possessed a weapon sharp and at the same time light enough to use with efficiency and force. How often have I combated impudence or amorosness on the New York subway with a slight but well-directed prick at the psychological moment. They are much safer and cheaper than pistols and at the same time a weapon that even the most conservative and gentle of her sex need not blush to use."

In Central America, Recession Rivals Violence as Gravest Threat

Rising Oil Prices, Falling Export Prices Threaten Stability as Much as Rebels

By Alan Riding
New York Times Service

MEXICO CITY — The world recession has thrown potentially greater obstacles in the path of political stability in Central America than the extremist violence affecting much of the region.

Almost without exception, the rural-based economies of the isthmus have been ravaged by rising oil import bills, low commodity export prices, high interest rates and a shortage of foreign credit.

In every country except Panama, per capita income fell sharply last year while rising inflation, unemployment and food shortages steadily narrowed the margin of survival for the poor majority of Central America's 23 million inhabitants.

As a result, even where the political will exists, as in Nicaragua and Costa Rica, efforts to deal with the roots of unrest have been indefinitely postponed as governments struggle to avoid financial collapse.

Many regional experts believe Central America has no chance of alleviating chronic problems such as illiteracy, disease and malnutrition or tempering the more recent phenomena of insurgency and repression without first recovering a degree of economic health.

"Ninety percent of Central America's problems are economic," Costa Rica's president, Rodrigo Carazo Odio, said in a recent interview. "What better candidate is there to become a guerrilla than someone who is unemployed? Central Americans believe in freedom and democracy, but they may be driven to despair."

The tiny republics have virtually no control over their economies. Rising costs of essential imports and shrinking prices paid for their coffee, cotton, banana and meat exports are determined abroad. The slump in demand has battered intraregional trade in the few industrial products they sell. Foreign bankers are reluctant to add to a debt that is already beyond the region's capacity to repay.

A sign of Central America's despair is that during the past 12 months every country except Nicaragua turned to the International Monetary Fund for help. Nicaragua refused to do so only for political reasons but was no less hard pressed — and accepted greater austerity in exchange for standby credits.

Even the hope of emergency financial relief from foreign governments has waned in recent months. Despite the enormous international attention given to Central America's political struggle, its economic crisis has been largely ignored abroad and foreign aid levels remain low.

The \$200 million in assistance given by Washington to El Salvador last year exceeded the total aid provided to the rest of the region, but its primary objective was to ensure the Salvadoran junta's political survival.

No common economic approach has been forthcoming. The Reagan administration says that only the private sector could rescue the area's economies, while Canada, Mexico and Venezuela argue that government finances must first be strengthened. Canada is therefore increasing its direct aid, while Mexico and Venezuela are each providing about \$375 million a year.

The United States has now drawn up its own policy. President Reagan is soon to propose to Congress a U.S. program for the Caribbean Basin comprising creation of a "one-way" free trade area, fiscal incentives and guarantees for U.S. private investment in the region and a modest increase in direct aid.

But it is expected to have little short-term impact on Central America's crisis. An experienced U.S. diplomat described the aid component as "too little, too late."

The formulas they are offering are completely inappropriate for a country like ours," Mr. Carazo said of Costa Rica. "Free trade and greater private investment are very welcome, but it would also be logical to aid the public sector at a moment when our crisis is the result of paying high prices for our imports and receiving low prices for our exports."

Despite their deep political differences, the six countries of the region reached agreement on a common position to be presented to the sponsors of the Caribbean Basin plan. In it, they called for \$5 billion in emergency aid and \$15 billion in long-term development assistance by 1990.

But since such vast sums are unlikely to be provided by foreign governments, international organizations or private banks, further contraction of economic activity and government spending — with predictable social and political repercussions — seems unavoidable.

Nowhere has the impact of the world recession been felt more strongly than in Costa Rica where, despite an entrenched tradition of democracy and social welfare that has long been the envy of the rest of Central America, the economy has proved no less vulnerable.

The rise in world oil prices and drop in world coffee prices in 1979 meant that earnings from Costa Rica's main export were soon spent entirely on imported energy. For a while, the government covered its widening balance of payments deficit with new foreign loans, but when interest rates rocketed last year, it could neither meet its debt service obligations nor raise new credits. Last month, the government said it owed \$2.6 billion abroad and had \$5 million in the central bank.

The results have been disastrous. The country's currency collapsed from 11.6 U.S. cents to the colon to 2.5 cents in 18 months. Inflation in 1979 jumped by more than 60 percent, unemployment tripled to 15 percent, dozens of factories closed for lack of imported raw materials and the welfare state struggled to survive.

Public attention is riveted on the presidential elections Sunday. But labor unrest is already on the rise and, with no end to the recession in sight, political stability could be gradually eroded.

Throughout the region internal and external economic forces seem likely to determine its future as the more dramatic political struggle. At present, countries with different political models — Honduras' new democracy, Nicaragua's revolutionary regime and Guatemala's rightist military dictatorship — are all facing similar financial problems that no ideological handbook can answer.

In July, 1979, Sandinista guerrillas ousted Nicaragua's Somoza regime and inherited not only a war-damaged economy but also a \$1.6-billion foreign debt that it was forced to honor — and renegotiate — in order to raise new loans. Its debt now stands at \$2.8 billion and, despite \$100 million in credit from Libya last summer, it has reached its borrowing limit.

In El Salvador and Guatemala, the economic crisis is being aggravated by — and is also feeding — political violence. Many wealthy businessmen have fled abroad with their savings, and private investment has ceased.

One irony is that, while economic stagnation has become a major political headache, it was the region's rapid, though unbalanced, economic growth in the 1960s and early 1970s that first began to undermine the political systems of much of the isthmus.

The creation of a Central American Common Market in 1961 stimulated foreign investment in light industries and assembly plants in most capital cities but principally in San Salvador and Guatemala City. These gave birth to a first generation of industrial workers and expanded the urban middle class, which began pressing for social reforms and democracy.

In the countryside, where the peasantry was traditionally coerced into supporting rightist parties at election time, the political balance was disturbed by the introduction in the late 1950s of cotton plantations and cattle ranching, both of which required large extensions of land.

Not only did powerful hacienda owners "steal" communally owned land, but rising birth rates added to population pressures on existing peasant plots. By the mid-1970s, peasants in many areas — though, again, notably in El Salvador and Guatemala — were ripe for organization by leftist militants or activist Catholic priests.

Thus, while the region's economies were growing annually by 6 percent or more, the new wealth was concentrated in few hands as the poor became poorer. And when inflation appeared as a permanent phenomenon after 1975 and most rural and urban wages remained frozen, political agitation grew.



Salvadoran peasants undergoing military training at school run by the guerrillas where they also take political courses.

Training School for Salvador's Rebels Blends Marxist and Military Thinking

By Raymond Bonner
New York Times Service

ZAPOTAL, El Salvador — Twenty-four peasants were receiving their first formal military training near here as members of the sixth class of the Farabundo Martí National Liberation Front's military school for the Eastern Front.

The peasants were also being introduced to Marxist principles in the school, where political courses are an integral part of the curriculum.

The purpose of the school is to consolidate the peasants' political, ideological and military thinking and to develop military commanders, explained the school's director, Orlando Rodríguez, 31, who said he graduated from the seventh grade and joined the revolutionaries in 1974.

For more than a year these poorly equipped peasants, with whom this reporter walked and lived for two weeks in the northern mountainous region of Morazan province, have engaged in combat with an army that has received helicopters, weapons and training from the United States.

In recent weeks, they have overrun military posts throughout the country, apparently in preparation for attacks on larger military garrisons before the national elections scheduled for March in which the revolutionary forces are not participating.

Revolutionary Definitions

At the military school, the students, who included two Hondurans, were sitting on crude benches on the patio of a four-room adobe that is now the revolutionaries' military school. Comdr. Rodríguez was explaining El Salvador's social-economic structure as the revolutionaries see it.

On a chalkboard he had drawn an inverted pyramid. On top were the names of several of the country's wealthiest families, grouped under the category, "oligarchy." Further down were the "rich peasants" — those who owned cars and cows — followed by "daily farm workers."

Among the titles of the political courses are: "Democratic Centralism," "Strategy of the Revolutionary War and the Taking of Power" and "Bourgeoisie."

Proposed subjects for themes, which the military students write in notebooks, include: "What Is Marxism," "How to Ambush the Enemy," "What Ought to Be the Qualities of a Revolutionary," and "Explanation About the Fight of 1932," a reference to the Communist-led peasant uprising in El Salvador in 1932 when about 30,000 peasants were killed, one of whom, Farabundo Martí, gave his name to the guerrilla army.

But most of the guerrillas have gained their military experience in combat during the past year.

"We must learn from our successes as well as our failures," Jonas, the senior military commander in Morazan, told several hundred peasant soldiers and civilians gathered in a field to honor the 75 combatants who died in battle in Morazan in 1981.

Few of the peasants who make up the combat units in the Eastern Front are older than 24 or 25, and about 80 percent are 18 years old and younger, according to Licho, the 21-year-old comandante in charge of military operations in Morazan province.

A peasant who attended school only until the second grade, Licho received his military training in the Salvadoran Army. In this respect, he is like many of the Farabundo Martí field commanders.

Goya, 24, who like all the guerrillas uses only a single name, said he served in the regular army 20 months in 1976-1977. Asked what rank he was when discharged, he said "a sad soldier." In 1978, he said, Salvadoran soldiers killed his mother, father, sister, who was eight months pregnant, brother and his brother's two children, who were one and two years old.

A War of Movement

Another company commander, Che, 29, was in the army in 1972-1973. A native of Morazan with a sixth-grade education, he has two younger brothers who are also guerrillas. His father works in a production brigade that supports the guerrillas, he said. He has not seen his wife and daughters, aged 2 and 4, since they fled to a refugee camp in Honduras two weeks before Christmas in 1980.



A young rebel getting ready for battle

"The military instruction is good, but the ideology is bad because it's against the people," Licho said when asked about his experiences as a government soldier. "They don't teach to respect the human rights of the people."

The military leaders in this zone, which is considered the strongest militarily of the four Farabundo Martí zones, described their strategy now as a war of movement, not positions.

When attacked, their objective is to minimize losses. Their goal, they say, is not to protect or hold any specific territory, except where their radio station, Radio Venceremos, operates. It is to defeat the enemy. They will do that, they say, by exhausting the government's soldiers physically and mentally.

"He turns to his officers and asks 'Where are they?' The officer has to say 'I don't know.' It's very demoralizing."

Offensively, the revolutionary strategy is to attack small government outposts, which are located in villages. The objectives of these missions, the leaders say, are to obtain weapons and military supplies and force the government troops to abandon the posts. With the government's troops gone, the revolutionaries say they can buy food and supplies, such as flashlight batteries and plastic canteens. And they move closer to larger military garrisons they plan to attack, such as the one in San Francisco Gotera.

Pincer Operation

Nationally, the plan is to gain control of the countryside, maintain the mobility of small units, then slowly surround and strangle the main cities, such as San Miguel and eventually San Salvador. The military leaders here contend they have the capability now to overrun the army units in Gotera and San Miguel. They do not do so, they say, because they fear the air force would stage bombing raids against civilians.

During the government's 13-day operation in this zone in December, the guerrillas say nine of their men were killed. They accuse the government troops of killing more than 733 civilians, but they say about 3,000 civilians, primarily women, children and old people, slipped through the government's pincer operation.

"We found ourselves surrounded," said Nolv, 28, who abandoned his farm and joined the

revolution two years ago. He is now commander of 200 people who work in an agricultural production brigade in Morazan.

Drawing in the dirt with a stick, he showed how he led a column of about 1,100 peasants through government lines. The column, which included women in their 60s and dozens of infants, walked eight days, usually at night, while helicopters and small planes fired at them. He said the peasants, who had only five rifles, survived on water, sugarcane and a small piece of corn tortilla each day. His column suffered no casualties and one woman gave birth, he said.

In another fleeing column, led by a 39-year-old North American who has been in the front since March, two women gave birth. He said one named her son Farabundo Martí; the other, her daughter Liberty.

"No modern technology, no American advisers can admit that a peasant woman will walk for days, give birth, then walk more," one rebel leader said. "That's why we'll win," he added.

During operations in 1981, guerrillas in Morazan captured 49 government troops, said Jonas, the senior military leader in the province. He said 38 had been released, six chose to join the revolution and five, captured a few weeks earlier, were to be freed in a few days.

Tried for Release

Jonas said the guerrillas have tried to arrange for the release of all prisoners, including those captured in other fronts, to the International Red Cross. The Red Cross representative in San Salvador explained several weeks ago that the Salvadoran government had declined to allow the Red Cross to intervene. He said the military officials feared that more soldiers would surrender if they knew they would be turned over to the Red Cross.

"Many of us wanted to kill" the prisoners "because the enemy soldiers have killed so many peasants," said an 18-year-old combatant. But, he added, Jonas and the other commanders had ordered that prisoners not be harmed.

Jonas offered two motivations for treating the prisoners well. First, he said, when word that prisoners are not tortured reaches other soldiers it is hoped that more will surrender, thus bringing more arms to the revolutionaries. Second, he explained, after the war the revolutionaries wanted to integrate its troops with the regular army. Thus, they want to minimize the ill-will being generated during the war.

Five Salvadoran soldiers captured on Dec. 29 in Guacamaya said they had been told by their officers they would be tortured and killed if captured. But they said they had been treated well. One 15-year-old had been in the army less than four months, he said; a 25-year-old medic said he had been a soldier for five years. Their guards were sitting about 30 yards away while the prisoners were interviewed.

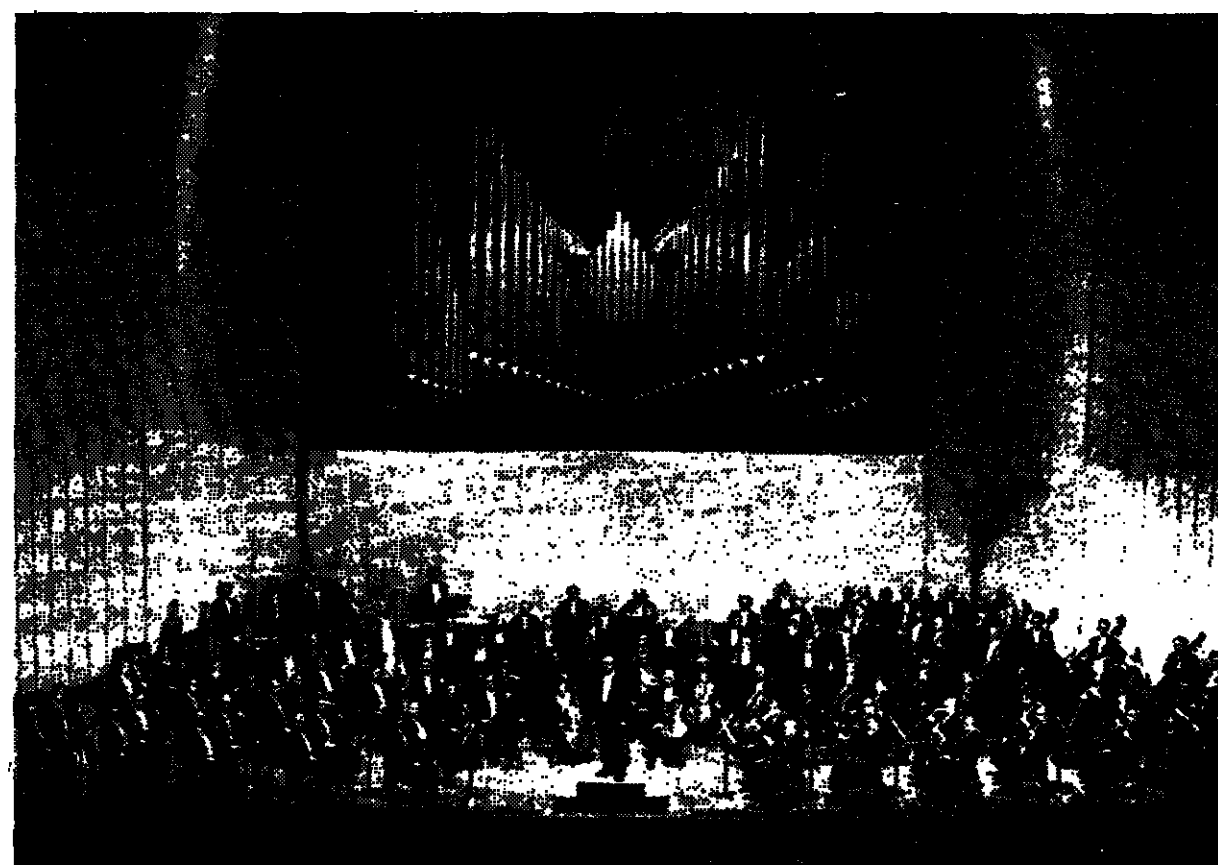
Smiling and appearing in good health, the prisoners said they had been given civilian clothes when their uniforms were taken. They said they were fed the same meals of tortillas and beans or meat that the revolutionaries ate.

They said they were worried about being released because they knew of other soldiers who after being released had been killed by Salvadoran soldiers. Thus, they said they had asked Jonas to escort them to an area near their homes so they could return to their families without the army knowing. One said that after visiting his family he would try to go to another country. Another said he was thinking about returning to fight with the rebels. Three others said they did not know what they would do but they did not want to return to the army.

"Even though the enemy has planes, bombs, more powerful weapons and American advisers, we will win because we have the support of the people," said a 19-year-old platoon commander. He added that the army soldiers are fighting because "they are paid to, are obligated to." The peasants are fighting because they want to, he said.

His assessment that victory will come because the revolutionaries have the support of the people was heard frequently, from front-line combatants to senior commanders.

"We're ready to negotiate, to seek a political settlement, so that fewer people will be killed," said Licho, recovering one morning after an attack on a military post in Joazeque. "But the enemy doesn't want one. So the only way is to continue fighting."



HANDS ACROSS THE SEA

National Symphony Orchestra European Tour

February 4 - Zurich	February 17 - Amsterdam
February 5 - Stuttgart	February 18 - Dusseldorf
February 6 - Munich	February 19 - Paris
February 7 - Berlin	February 20 - London
February 8 - Mannheim	February 21 - Brussels
February 9 - Eindhoven	February 22 - Hamburg
February 10 - Hanover	February 23 - Barcelona
February 11 - Vienna	February 24 - Madrid
February 12 - Vienna	



Musical Director Mstislav Rostropovich and Amway co-founders Rach Delsa and Jay Van Andel

On February 1, the National Symphony Orchestra begins its first tour of Europe under its Music Director, Mstislav Rostropovich. The 103 member orchestra will perform 17 concerts in eight countries.

This European tour marks the beginning of the orchestra's 51st year. Amway Corporation, an international direct selling organization, in recognition of its co-founders' belief that cultural activities deserve greater financial

support from the private sector is proud to be the major underwriter of the tour. Sponsorship of such a tour at this time is especially appropriate since 1982 marks the 200th anniversary of Dutch-American diplomatic relations and Amway is actively involved in celebrating that historic moment on both sides of the Atlantic.

Amway, with more than one million independent distributors, does business in 25 countries and territories around the world.

Amway Corporation wishes the National Symphony Orchestra and its conductor success and Godspeed throughout this tour. Amway Corporation, Ada, Michigan 49355.

United States • United Kingdom • France • Netherlands • Belgium • Switzerland • Germany • Ireland • Australia • Malaysia • Japan • Canada • Dominican Republic • Haiti • Trinidad • Bahamas • Taiwan • Hong Kong • Macao • British Virgin Islands • Netherlands Antilles • Bermuda • Guam • Virgin Islands • Puerto Rico



©1982 Amway Corp.

Eileen Paisley Takes The Cause to the U.S.

By Paul Hendrickson

WASHINGTON — Her husband, the Rev. Ian Paisley, Protestant leader in Belfast, has been called by his enemies the "clergyman in jackboots," the "bloated bullfrog," the "Devil incarnate." Those are some of the kind things a year or so ago a writer for *The Atlantic Monthly* called him a "porcine, hysterically fountained, bawling, and so forth." To his friends he is "the good doctor." So what can Mrs. Paisley be like? Every morning they both go to his office, she says. She is his chief mail sorter. But they don't go together. Her husband goes in a police car, she drops the twin boys off at school. Sometimes, going out the driveway, she sees the Roman Catholic priest who lives just across the street. "He'll blow the horn of his little car, we're quite friendly." That night around the dinner table, one of the children might bring up what everyone simply calls *The Troubles*. "It comes up," Mrs. Paisley says with a sad little shake of her head, twisting a demure gold wristwatch. "The telly is usually on, and of course we're always waiting for news reports."

And then, as if she were really talking to herself, "I wish our lives could be like what they once were."

So recently, while her husband sat up in Canada, denied a U.S. visa because his visit is thought not to be in the interests of the United States, a button, graying, bird-voiced, middle-aged lady, with a triangle of hanky in her right hand, came to face the lions of the National Press Club. If her husband is the "monstrous" his critics portray, Eileen Paisley is not. If Ian Paisley is a demagogue and firebrand, his wife seems merely an Irish mump with gray pumps and a modest dress and disarming friendliness.

Eileen Paisley polished her silver spectacles. She poised a glass of ice water at her lips and drank modestly. She held a fork in her left hand and a knife in her right, delicately thrusting a plate of greens and soggy-looking beef. She smiled out on a floor of ravenous scribes as if they were a church choir.

Then she got up to read her husband's speech. She delivered it just as he had written it. She is a housewife and mother and not a political leader, though she has served on the Belfast city council. She read the speech quietly and determinedly and a little nervously. She let them hear her answer the questions. In the speech, the wife of Northern Ireland's most militant Protestant leader said things like this:

"What the IRA cannot attain by the ballot it seeks by the bullet."

"We come to North America today to explode the IRA-spawned myth that Ulster is British by compulsion rather than by choice, and that the IRA are gallant freedom fighters rather than cold-blooded terrorists."

When she reached a point in the text about the death of Robert Bradford, Protestant member of the British Parliament who was killed in Northern Ireland in November, her voice thickened and her eyes welled and she looked down the podium at Bradford's wife, a pretty young woman, perhaps still in her 20s, who had come to the United States to be with Mrs. Paisley and the entourage of MPs. Mrs. Paisley knew Robert Bradford well. "Norah Bradford would not be here today in place of her late husband if he had not been savagely murdered by the IRA," she said. The tone seemed out of sync with the words, though you wouldn't have questioned whose side she was on.

Afterward, in a room off the press club's ballroom, she faced a polite, snappy, hard-charging British TV reporter. What about those who say you're religious bigots? the reporter wondered while the cameras rolled.

Didn't think she was a bigot, actually, she said.

You've come in your husband's place. Seems a bit of a publicity stunt, the TV man went on.

Didn't think it was, she allowed.

On the way you explain the violence, the reporter persisted. "Sounds like a bit of a whitewash."

"Well, I don't think so."

Afterward who said: "I suppose they want to bring the worst out of you."



Mrs. Ian Paisley talking to Washington reporters.

The religious hate has gone on since William III of Orange defeated the Catholic King James in 1690. "Orangies" against the wearing of the green. There are a million and a half people in the north of Ireland, and the majority of them are Protestant, loyal to the British crown. As Eileen Paisley's husband proclaimed to a crowd of 10,000 outside the city hall of Belfast a few weeks before Christmas: "We are not going into an Irish republic, never, never, never. It will be over our dead bodies."

In her husband's absence, Mrs. Paisley and her delegation came to Washington to try to advance the cause of the Unionists. The Protestant point of view is that largely unknown U.S. sympathizers have long been funding "IRA terrorism." Funds and even arms have been obtained in the United States for the use of Republican terrorism, they say. Mrs. Paisley and the MPs and Robert Bradford's widow came to try to "put an end to this

funding of Communist-linked terror." Unfortunately for their cause, the three most powerful and influential Irish-Americans in Congress — Edward Kennedy, Daniel Moynihan and Tip O'Neill — have refused to see them. "Even so much as an acknowledgement," one of the MPs said.

Ian Paisley once tried to board the Rome-bound jet of the Archbishop of Canterbury. He was incensed that the archbishop was going to visit the pope. He was detained by the Italian police on arrival and put on a flight back to London. Later, Paisley said the archbishop was "slobbering on his slippers" by calling on the pope.

"Well, yes, he did say that," Mrs. Paisley said. The press everywhere is forever reminding her of things her husband has said. "But at home he's quite gentle and sweet. You should see him. Doesn't drink or smoke. Likes to watch westerns."

France Boosts Aid for Music, Dance

PARIS — As part of a bid by the Socialist government to invigorate the French arts, the Minister of Culture, Jack Lang, announced Wednesday a 67 percent increase in the government's budget for music and dance this year.

Lang, who has publicly echoed complaints in France about the inroads of American entertainment, vowed to rule out a quota system rationing imports if the new government incentives fail to revive consumption of France's cultural products.

Although government support for music and dance has increased considerably since the creation of a specialized department in the Cultural Ministry under André Malraux 15 years ago, the funds made available in the first Socialist budget mark a bid for a major expansion throughout the country.

The new funds — approximately \$63 million more than last year — will subsidize creative efforts in both serious music and popular entertainment, expanded stress on the arts in the provinces and also a broad program to improve musical education in French schools.

Lang, at a press conference after a French cabinet meeting, said the government is seeking to "rehabilitate" popular arts in France and also to "regain control of France's cultural industries which are being lost to the multinational corporations." New government subsidies will stimulate French musical industries including the manufacture of instruments and the production of records and musical publications.

Asked whether France might seek to curtail the use of foreign music and films, Lang said he hoped that "positive measures" would strengthen the appeal of French music. Otherwise, he said, the government would consider imposing quotas on foreign entertainment on the government-controlled media, as sought by some French promoters.

Meanwhile the Ministry of Culture issued a communique Wednesday publicizing Lang's participation in a series of French cultural events in the United States this month. They include a complete cycle of Beethoven symphonies at Carnegie Hall by the Orchestre de Paris conducted by

Daniel Barenboim and a major retrospective of the French painter Yves Klein opening today in Houston.

The Klein show, the communique said, was an opportunity for French art to break into the art market in Dallas and Houston.

Among the items announced by Lang and Maurice Fleuret, the new director of music in the ministry, were:

- An increase of 37 percent, to \$40 million, in the operating budget of the Paris Opera in 1982. Lang also said that details of a plan to construct an additional house for the Opera would be announced next week by President Francois Mitterrand; asserted that the Salle Favart, the former Opera Comique, would be reopened this year; and said that negotiations were continuing with Rudolf Nureyev

for the post of ballet director of the Opera.

- A stress on regionalizing music and dance activity and education. The budget in this sector was almost tripled over last year, and Lang emphasized that there would be less central control and more encouragement of local and regional initiatives.

- A new emphasis on jazz and other forms of popular music. Lang said that under the new government the popular arts would be equal to all others. Projects include the creation of four regional centers for French *chanson* and a theater for popular music in the Paris suburbs.

- A budget of \$4.5 million, eight times that of 1981, for new and existing centers of contemporary music, research and commissions. Lang said that the compos-

ers Pierre Henry, Iannis Xenakis and Jean-Claude Eloy would be among those in charge of new projects. Xenakis and Eloy have been prominent critics of what they consider excessive public funding of the IRCAM music research center, created under former President Georges Pompidou and headed by Pierre Boulez, whose name was not mentioned at the press conference.

- The creation of a French youth orchestra, similar to those in Britain and other Common Market countries, and a new organization for the Orchestre de Paris, which is subsidized by the state and the city of Paris, to make it a "real national" ensemble.

- The creation of a new national dance conservatory based in Marseilles and under the direction of Roland Petit, director of the Ballet National de Marseilles.

Publisher Taps 'Travelers' Market

By Pamela G. Hollie

New York Times Service

SINGAPORE — Hans Johannes Hoefler's passion for travel took him to places many people only dream of going to. He has seen the sunset from the summit of one of the world's highest passes in the Hindu Kush mountains, visited hill tribes in Malaysia and lived in a village in Bali.

In 1970, he and a couple of friends started APA Productions Ltd. and began publishing books about the places they had seen — glossy paperbacks that cost too much to be considered tourist guides, were too heavy for backpackers, too literary for many tourists and too small to pass for coffee-table books. They sold anyway, about one million copies.

By publishing standards, APA, which has its headquarters in Singapore, is still very small. It has a staff of 30, and its sales in 1981 amounted to about \$1.6 million. But in the last two years, with the establishment of the APA photo agency, which expanded the company's business into contract photography, audiovisual services and brochure design, production and printing, APA has become a profitable little dream machine.

Hoefler realized that the hundreds of pages of research and

thousands of photographs that did not go into the books would be wasted unless used in some other way. So APA formed the photo agency to provide customers such as the Hong Kong Tourist Commission and Singapore Airlines with color photographs of exotic places.

Now looking for new markets, APA's wanderers-turned-executives are talking about extending their range to the United States and Europe. "By 1983, we expect to have an editor for Europe and the Mediterranean," said Hoefler, who is German.

Exotic Advantage

APA's office in the United States is in Honolulu. Until recently, Hawaii was the only state that had its own APA guide. Now in its ninth printing, the Insight Guide Hawaii, which came out in 1980, has sold 105,000 copies. But Hawaii has the advantage of being exotic, like the sites of APA's other guides — Thailand, Bali and Burma — and places where guidebooks are planned, Nepal and Sri Lanka.

For its first book on an American state other than Hawaii, APA chose Florida. About 10 books on Asia and one on Hawaii. Hoefler thought it was time to try APA's style on one of America's largest tourist markets. A thick pink guide was produced, with everything a traveler might want to know about Florida. "We are treating Florida like a country," he said.

"Forty million people go there every year," said Hoefler, who estimated that, compared with Burma, where only 30,000 people are admitted on seven-day visas each year, Florida offered a good

chance for success. The Burma book, in print for about six weeks, has already sold 12,000 copies.

Most of APA's books break even at about 25,000 copies. Last year, the company printed more than 300,000 copies of its books.

APA fills an unexpected void in the publishing world of travel guides. "We did books for a certain kind of person, an ended up selling to others," said Hoefler, whose first book on Bali was written for people like himself, the traveler not the tourist. The difference, Hoefler believes, is that tourists want to know how to get there and travelers want to know why they should go.

But APA's sales have depended on neither. The first book on Bali was a success because Intercontinental Hotels, which lent Hoefler \$30,000 to produce the book, used it for promotional purposes. The Hawaii book was also instantly profitable because a Hyatt hotel bought the first run of 23,000 books.

Each guide has at least 300 color photographs. Writers and specialists in local folklore and history write the text, and an editor brings it together. Every year or so, the guide is updated. The Bali guide is now in its ninth reprinting.

For exotic places, the APA combination of Rolling Stone magazine and The National Geographic worked well. It is a style that European readers seem to enjoy. But the American audience is still a question.

Of his Florida publication, Hoefler said: "We don't know if it will work; we will just have to give it a try. Just in case it does, APA has already begun work on its next state guide, on California."

Idle's 'Pass the Butler': The Pass Is Incomplete

By Sheridan Morley

International Herald Tribune

LONDON — Eric Idle's "Pass the Butler" (at the Globe) is a stage farce in much the same way that "The Wizard of Oz" was a documentary about midwinters; there are certain moments when it fleetingly fits the description, but by and large, Idle seems to know about as much of play construction as the late great Ben Travers knew of oxyacetylene blowpipes. Which is more than a pity, because on this evidence alone Idle is a very funny man who, if he could have gone the distance, might have come up with a very funny play.

He is the "Monty Python" television satire alumnus still perhaps best-known as the madge-sage, the wink-wink-say-no-more man; but one of the problems with that kind of tele-satire background is that it trains you to think in short, sharp 10-minute sequences, which is why roughly six times an hour in "Pass the Butler" the dialogue grinds to a total standstill and has to be cranked up again in some totally different direction.

The plot, meanwhile, seems to have been dreamed up by some unholy alliance of Joe Orton and Agatha Christie. We are in a stately home dominated by a coffin-shaped life support machine within which lies a cabinet minister. His wife and children have gathered around for the formal ceremony of switching him off, electricity costs being what they are, when a bizarre offstage accident causes the sudden death of the prime minister. The man, or, as it later transpires, woman, on the machine is thus now leader of the nation and for the first time in the island's history an emergency cabinet has to be formed by an emergency cabinet.

So much for plot, which is not here a prime consideration. What Idle likes best are the jokes, and in pursuit of them he will take his play and players more or less anywhere. An elaborate family game of totting up newspaper-reported deaths is played at some length largely to get us to a punchline ("When Scandinavians fail to commit suicide there really is something rotten in the state of Denmark") which turns out to be only just as Michelin would say, worth the detour.

There is, it's true, something very endearing about a character arriving on stage to announce "Sorry I'm late. It's a fine morning so I was out exercising my discretion," and something even more endearing about a stately home being knocked down by its nouveau-riche owners to make way for a cherry orchard. But it would have been nice to have had a play as well.

What we do have is the ineffably jolly stage presence of William Rushton who (in his West End debut) manages to transport us back 20 years to the days when actors like Wilfrid Hyde White and David Tomlinson and, dare I say it,

my father Robert Morley, would regularly arrive on stage in theatrical vehicles which had somehow broken down in the wings or on the typewriter, and on proceed to reconstruct them in full view of a delighted audience. His presence is somehow immensely reassuring, never more so than when he peers expectantly offstage, presumably in the hope that somebody might be sending in a playwright. His stage builder is played with considerable eccentric suavity by John Fortune, which means that two leading players and the author all come from strong tele-satire backgrounds, thereby creating immense problems for the rest of the cast.

In any other production of a knockabout romp like this, the conventional turn offered by Peter Jones as a demented police inspector would be perfect; here it somehow seems very over the top, performed as if for deaf people watching through telescopes. It is not that he is overacting; it is that years of exposure to a very close camera, often in only semi-scripted situations, have given Rushton and Fortune a kind of informal joblessness which makes acting look somehow unnecessary.

In Birmingham, the Youth Theatre has been celebrating its 10th anniversary with a comedy which is a strange compilation of Bill Naughton's prose writing about his Bolton childhood in the 1920s; strange first because the material is not, until the last, very dramatic, and second because it cannot be easy for a group of Birmingham teenagers from the '80s to think themselves back into the community spirit that formed Bolton 60 years ago.

Nevertheless Derek Nicholls' production, involving a cast of 30 from the group he founded 10 years ago, finally vindicates the choice of "The Goalkeeper's Revenge" as an anniversary production (it goes next to the Midland Arts Centre, March 1-5). Though the teenagers have a little initial difficulty with the Bolton dialect, and still more in finding their way through the haze of adult nostalgia that conditions Naughton's writing about his childhood, they gradually arrive at a corporate style which manages to weld a disparate collection of short stories and extracts from novels and biographies into something approaching a really good commercial.

What is most impressive about "The Goalkeeper's Revenge" is that this production has clearly involved all its cast in a lot of thought about the nature of Naughton's childhood and the characteristics of a lost world; the Bolton '20s do not on the surface have a lot to do with the Birmingham '80s, and yet thanks to some strong performances the two worlds are brought together across 60 years and a 100 miles or so. The Midlands have a Youth Theatre to be proud of.

INTERNATIONAL EXECUTIVE OPPORTUNITIES

UBAE

البنك العربي الألماني

A multi-national bank with Head Office in Luxembourg is looking for an experienced

money and foreign exchange dealer

Depending on the grade of experience, we are prepared to offer attractive conditions and would help in arranging for apartment requirements.

Applications with curriculum vitae to be sent to

UBAE ARAB GERMAN BANK

SOCIETE ANONYME

P.O. Box 115 - 22-24, Blvd. Royal, Luxembourg. Telephone: 244 81/4 26 41.

An INTERNATIONAL INVESTMENT GROUP with IMPORTANT PROJECTS

in North America, Asia, Africa and Australia needs for its growing REAL ESTATE OPERATIONS IN AUSTRALIA an ambitious

ASSISTANT GENERAL MANAGER

The candidate, aged between 26 and 33 years, should fulfill the following requirements:

- SOLID COMMERCIAL EDUCATION AND FLUENCY IN ENGLISH
- PRACTICAL EXPERIENCE IN ADMINISTRATION AND FINANCE, PREFERABLY GAINED IN AN INTERNATIONAL COMPANY OR BANK
- WILLINGNESS AND CAPACITY TO ASSUME INCREASING RESPONSIBILITIES

The successful applicant will be transferred to Sydney, Australia, after a period of training in Europe.

Interesting salary and excellent possibilities for future senior management position within the Group are offered.

Qualified candidates please contact in confidence:

Mrs. E. GUGGENHEIMER Telephone 042/21 56 74
Personal Consultant Monday through Friday
Aegerstrasse 11, Postfach between 8.00 and 10.00 a.m.
CH - 6301 Zug/Switzerland or after 17.00 p.m.



AN INTERNATIONAL COMPANY BASED IN NYON

ICCU is a fast-growing company, operating internationally, active in container leasing and other fields related to transportation and shipping. We are looking for a

FINANCIAL DIRECTOR

who will report directly to the General Manager and who has the following attributes:

- Experience in international banking, especially European and American banking
- Fluency in French and English (Italian would be an asset)
- Knowledgeable in funding ships and related equipment, particularly containers.

If you are interested in the challenge of meeting the objectives of a fast-developing company, do not hesitate to apply in writing with full particulars to

The General Manager
ICCU CONTAINER FLEET
MANAGEMENT S.A.
45, rue de la Gare, 1260 NYON, Switzerland.

INTERNATIONAL AUDITOR

The European Internal Audit Department of IC Industries, a \$4 billion diversified U.S. international corporation, has opening for a young (under 32 years of age) and experienced senior auditor to supervise and conduct financial and operational reviews of the Group's expanding European operations.

CANDIDATE REQUIREMENTS:

- An occupancy qualification.
- 3-4 years experience, including some supervisory responsibilities, with a major international audit firm and/or equivalent experience on the internal audit staff of a multinational corporation.
- A positive personality, able to work independently and having the initiative and energy to meet deadlines.
- Aside from fluency in English, an excellent working knowledge of German and French.
- Willing to travel about 70% in Europe with week-end return to home base.

Prospects for promotion within the Audit Group or into Company operations are very promising. An excellent remuneration is offered to the right candidate.

If you meet the above requirements, please write in confidence giving full career/personal details to:

Internal Audit Manager-Europe
IC Industries
c/o Ahe International S.A.
55 Chemin Moise-Duboué
CH-1209 Geneva, Switzerland.

"INTERNATIONAL EXECUTIVE OPPORTUNITIES" appears every Tuesday, Thursday & Saturday

TO PLACE AN ADVERTISEMENT contact your nearest International Herald Tribune representative or Max Ferraro, 181 Ave. Charles-de-Gaulle, 92251 Neuilly Cedex, France. Tel.: 747-12-65 - Telex: 613 595.

EXECUTIVES AVAILABLE

BRITISH CHARTERED ACCOUNTANT

(40): Considerable business experience and well introduced at a high level of public life in the U.K. Will work for any reputable business. Reply in strict confidence to: Box 035501, L.H.T., 63 Long Acre, London WC2.

ANPE

L'Agence Nationale Pour l'Emploi

AGENCE SPECIALE DES INGENIEURS ET CADRES

12, rue Blanche 75008 PARIS CEDEX 09

Tel.: 285.61.61 Ext. 71

192 - Paris Cedex 1/CE

• LAMVIE, 29, French, Doctor in law, Diplôme l'art public law, MA English & German, 5 years teaching & research at Univ. of Paris (1st & 2nd years), very good knowledge of English, holds responsible position in Univ., research center or company wishing to develop its 1st studies or activities based Europe or North America. Ref: 199 - Paris Cedex 1/CE

• FRANCH EXECUTIVE, 44, living Panama 11 years as district manager French companies (construction equipment) seeks similar position any kind activity. Lette American Market. Ref: 192 - Paris Cedex 1/CE

• MAN, 44, LEGAL ADVISER, practicing in negotiation and draft of international contracts. Experience international commercial litigation and arbitration, advised and practicing with both common law continental law, looks for a co-operation with exporting companies or international law firms. Ref: 194 - Paris Cedex 1/CE

• International Sales - Marketing Professional of industrial products and equipment. Over 20 years solid business experience in North America and Western Europe. Bilingual (English, French, German, Italian). Seeks managerial position or any other form of collaboration (importation or commission agent) with transportation or construction agent with company aiming to penetrate new or expand existing markets. Ref: 195 - Paris Cedex 1/CE

ACCOUNTANTS: MIDDLE EAST

CONSTRUCTION INDUSTRY £15-£20,000 TAX FREE + BENEFITS

International Contractors Group is a Kuwaiti construction company engaged in major contracts in various Middle Eastern locations. Due to continuing expansion, the group seeks three additional senior accountants.

MANAGEMENT ACCOUNTANT

Reporting to the Group Financial Controller and acting as his right-hand, the Management Accountant will be based in Kuwait but will visit other area offices and projects. Duties will combine regular financial and management reporting with extensive systems involvement, including computerisation. Ref: 2045K/IH.

AREA FINANCIAL CONTROLLERS

Two Controllers are required, one for Saudi Arabia and one for Iraq. Reporting to the Area Managers, they will be responsible for all accounting operations within their area together with provision of financial advice to general management. Ref: 2045S/IH (Saudi), 2045Q/IH (Iraq).

Applicants for all positions must have a professional accounting qualification or a degree as well as 10 years accounting experience including periods both in senior appointments and in the construction industry. An understanding of data-processing would be an advantage and preference will be given to candidates with a knowledge of Arabic.

The package includes a furnished flat or housing allowance, car, bonus and normal benefits. Contract duration is unlimited. Please send a comprehensive career resume, including salary history to G.J. Perkins, quoting the appropriate reference.

Touche Ross & Co, Management Consultants

Hill House, 11 Little New Street, London EC4A 3TR.

Tel: 01-353 8011.

A member of the Management Consultants Association.

Saudis Cut Oil Output, Sources Say

Low Spot Prices Seen
As Cause of Reduction

By Thomas Thomson

BAHRAIN — Saudi Arabian oil output last month slipped to just under 8 million barrels daily from the kingdom's 8.5 million ceiling in force since last November, informed industry sources in the Gulf said Wednesday.

Saudi oil Ministry officials were not available to comment. But the sources said low prices for crude on the open market had made companies reluctant to pump too high a volume.

Quotes on the free market for Saudi light crude fell on Tuesday to a dollar below the official \$34 price. The U.S. companies Exxon, Tesco, Standard Oil of California and Mobil that ship the bulk of Saudi oil use the free market to unload surplus volumes.

Saudi Oil Minister Ahmed Zaki Yamani has said the kingdom plans no formal output cut to assist other exporters hit hard by the present world glut. But he has also said it is prepared to let output drop under market forces.

Analysts say a Saudi output cut on the scale reported to have occurred last month will probably not do much to ease the plight of the most hard-pressed members of OPEC.

Industry sources say Algeria, Libya and Iran together probably want to sell at least 1.5 million barrels daily more than they are able to market now. Kuwaiti sales are also down.

The Middle East Economic Survey, an authoritative Cyprus-based oil newsletter, estimated this week that total OPEC output was down around 20.6 million barrels daily in January, from a peak of 31 million in 1979.

Gulf oil analysts said that with the Northern winter almost over demand was unlikely to pick up immediately.

Threat to Prices
The world glut is threatening OPEC's price structure. OPEC ministers are not scheduled to meet again until May 20 in Quito, Ecuador, but some analysts believe the exporter group may have to hold emergency talks before then to set prices downward on some members.

Official prices are already being eroded by some exporters offering hidden discounts.

London market experts say Britain and Iran are weak links in the world oil pricing structure.

Crude from Britain's Forties Field in the North Sea has traded on the free market around \$3.25 below the official rate for contract sales of \$36.50 a barrel, set by the government's British National Oil Corp.

Industry sources said companies are weighing whether to press BNOOC for an official price cut.

They think they might get a reduction of up to \$1, although BNOOC, backed by the Treasury, will argue that spot quotes should not dictate long-term contract prices.

However, a U.K. price cut would intensify pressure on OPEC exporters of similar low-sulfur crudes.

Meanwhile, London-based buyers say Iran, needing revenue for its war with Iraq, is struggling to boost sales from around 600,000 barrels daily to a target closer to 1.5 million and has resorted to inviting reluctant customers to ship spot cargoes at a discount rather than sign long-term deals.

They said Iran so far seems to have had few, if any, takers among key Japanese buyers, and oil companies await its next move.

Egyptians See 30 Billion Barrels
CAIRO (UPI) — Drillers in Egypt's western desert have discovered a "huge oil reservoir" containing an estimated 30 billion barrels, enough to supply the nation's needs for 17 years, a Cairo newspaper has reported.

The report by the newspaper Al Akhbar on Shell's exploration raised hopes that the previously unproductive area could become a center of production in the future.

Early estimates of petroleum reserves in Egypt's latest oil find run at 30 billion barrels, Al Akhbar said. "This huge oil reservoir beneath the find, known as 'Badr Eddin 1' would cover Egypt's oil needs for the next 17 years."

Shell had announced Monday its find was of commercial quality, and told the Egyptian Petroleum Authority the first test-well was producing nearly 6,000 barrels of light crude daily.

The latest discovery is located in a region that was known only to contain a handful of minor oil fields. The major Egyptian fields are in the desert east of the Nile Valley, mainly along and off the shores of the Gulf of Suez and the Red Sea.

Venezuelan Cut on Fuel Oil
NEW YORK (Reuters) — Venezuela has lowered the price of high sulfur residual fuel oil, sources here said.

They said Petroles de Venezuela's effective Tuesday, reduced its minimum sales prices on number six fuel oils with sulfur levels of 1.5 percent and higher by 25 to 94 cents a barrel and left prices for the lower sulfur fuels unchanged.

SAS Sets New Ground Rules for Survival

By R.W. Apple Jr.

New York Times Service

STOCKHOLM — Last year, every employee of the Scandinavian Airlines System was given a 50-page booklet with bold red cover, printed in large type and illustrated with cartoons. At first glance, it looked like a comic book.

But its intent was serious, and its message somber. SAS, the international airline jointly owned by the Swedish, Danish and Norwegian governments, was in big trouble: After 17 profitable years in a row, and despite continuing earnings from hotels and other sidelines, it had lost money two years running — \$14.9 million in the fiscal year ended Sept. 30, 1980, and \$9.1 million last year.

Jan Carlzon, 40, the former tour operator who is the chief executive officer of SAS, and president of SAS Group, exhorted his employees on the booklet's cover, "Let's get in there and fight."

Inside, he said the airline would not survive unless it learned to be more like the street fighters from the rough-and-tumble American domestic market such as Delta.

Mr. Carlzon ended his pitch to the staff with an unorthodox assertion in a company that had always considered its airplanes its most valuable property: "Bear in mind that the only really valuable asset we have is a truly satisfied customer."

But unlike the bosses of other carriers that have found it hard to make a profit in the era of high fuel prices and cutthroat competition, Mr. Carlzon proposed no huge staff cuts. Instead, he replaced 13 of 14 top executives and invested \$24 million to build a new kind of service.

"We decided to look upon our costs as resources that, if well used, can give us more income," he said in an interview.

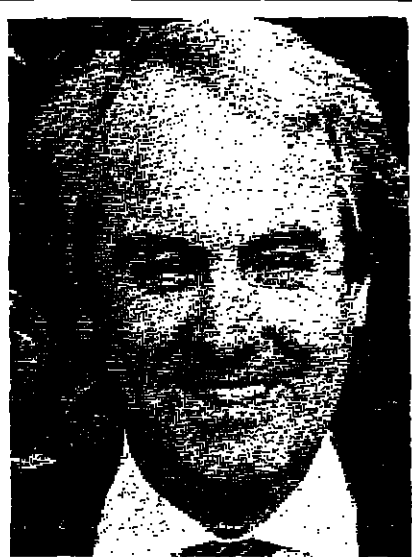
"We had to stop being a passive book-keeping agency and start going out to find customers, and the customers we needed were the ones this company was originally organized to serve — the business travelers from our three home markets."

When Mr. Carlzon took over, half the business travel market in Scandinavia was in the hands of its competitors, and he invested something called EuroClass to try to draw some of it back.

He stretched to the limits the rules set down by the International Air Transport Association by providing 34 inches instead of 31 inches between seats, by giving business passengers separate clocking counters (and guaranteeing they would never wait more than six minutes), by giving them free drinks, special lounges and a special business magazine, by letting Euroclass passengers embark last and disembark first — and by giving them all this for the usual economy fare, without the surcharges other European airlines had imposed for their new business classes.

"The only way you can make money in the kind of zero-growth market we may face in some of the years immediately ahead," Mr. Carlzon said, "is to take business from your competitors. The only way you can do that is to give people better service, almost to force them to ask for an SAS flight instead of simply any flight."

"Once we have EuroClass established, we can go out and sell cut-rate tickets, without all these boring restrictions, to people who want a cheap service, with no fear that businessmen will decide to sit in the cheap, low-service seats."



Jan Carlzon

There were other changes as well. He increased the number of employees in sales offices and at airports because, in his view, a previous program of reducing staff had resulted only in cutting costs "in the

(Continued on Page 9, Col. 3)

BUSINESS NEWS BRIEFS

Belgium, Banks Agree on Cockerill Steel Aid

BRUSSELS — The Belgian government said Wednesday it reached agreement with the country's four main banks on a new financing package to help steel group Cockerill-Sambre manage its financial difficulties.

Ste. Generale de Banque, Cie. Financiere de Paris et des Pays Bas, Groupe Bruxelles Lambert and Kredietbank agreed to supply new credit for a total of 9 billion francs (\$226 million) on a medium-term basis, while maintaining their existing credit lines to the group at current levels, Finance Minister Willy de Clercq said.

The agreement follows lengthy negotiations on guarantees for the credits, and Mr. de Clercq said the state gave its guarantee to the new loans and to 9 billion francs worth of short-term credits. The four banks are among 22 private banks owed money by Cockerill-Sambre, whose debts now total 44.2 billion francs, most of them short-term. The new 9-billion-franc credit, to be added to this total, will be for five to seven years at a variable interest rate, Mr. de Clercq said.

Hiram Walker Considers Suit Against Davis Oil

TORONTO — Hiram Walker Resources is looking at the possibility of legal action against Davis Oil and alleging misrepresentation in the purchase of Davis' U.S. oil and gas assets last March, William Wilder, chief executive officer said Wednesday.

Speaking to reporters following the annual meeting, Mr. Wilder said a preliminary evaluation study indicates the company now has only proven reserves of 83 billion cubic feet of natural gas rather than 113 billion cubic feet it thought it had after the Davis properties were purchased. He said proven oil reserves now stand at about 8.2 million barrels from 10.4 million barrels.

He said Mr. Wilder said a writout of approximately \$175 million against earnings will likely be in the second quarter of fiscal 1982.

Lalonde Confident Alands Will Go Ahead

OTTAWA — Energy Minister Marc Lalonde said Tuesday despite the decision to quit by two partners in the Alands tar sands consortium he is confident the project will proceed.

Amoco Canada Petroleum, a subsidiary of Standard Oil of Indiana, and Chevron Standard, a subsidiary of Standard Oil of California, announced Monday they were leaving the consortium. Mr. Lalonde told Parliament it was recognized when Ottawa, the Alberta government and the Alands consortium were negotiating pricing and taxation terms that weaker partners might leave because the two governments could not meet their demands.

In Calgary, Neil Stewart, Amoco's vice president for marketing and corporate affairs, said Tuesday the remaining members of the consortium could face a "financial bath" if forecasts of future inflation rates and the world price of crude oil proved inaccurate. Mr. Stewart said there was "no chance" of the participants ever receiving the 21.5 percent return on investment the federal government offered the consortium in a package of financial concessions.

Klöckner-Werke Group Turnover Falls 3.3%

DUISBURG, West Germany — Klöckner-Werke said Wednesday its world group turnover fell to 6.29 billion Deutsche marks in the year ending September 1981, 3.3 percent below the previous year's 6.50 billion DM.

Foreign sales rose 6.0 percent to 2.43 billion DM from 2.29 billion DM a year earlier. Crude steel production fell 12.7 percent in the period to 4.79 million metric tons after 5.49 million in 1979-80, the company said.

World group sales of specialist machinery rose 22 percent to 1.26 billion DM from 1.04 billion DM the previous year, it added.

£100 Million Barclays Issue First Corporate in Decade

LONDON — Barclays Bank said Wednesday it is issuing £100 million loan stock — the first corporate U.K. domestic bond in some 10 years, bond market sources said.

Barclays said its £100 million of 16 percent unsecured capital loan stock due 2002-2007 is 25 percent payable on Feb. 9, with the balance due by April 30.

The bank is issuing the stock to fund its domestic and overseas expansion plans, said Jonathan Scott, a director of Barclays Merchant Bank. It saw the need to expand its long-term capital base and decided to issue debt rather than equity because its shares are undervalued in terms of its assets, he added. He also pointed out that the group's capital structure is relatively undercapitalized.

Mr. Scott said it was wrong to

Reagan 'Lukewarm' on Interest Tax

By Jonathan Fuerbringer

New York Times Service

WASHINGTON — Treasury Secretary Donald T. Regan, in a surprise remark, has said that President Reagan is "lukewarm" about his own proposal to have the federal government withhold income tax on dividends and interest.

The remark Tuesday, coming with the secretary's acknowledgment of strong opposition in Congress, could make chances for approval of this proposal even slimmer than they already were.

Without the withholding, which would raise \$2 billion in fiscal 1983 and \$1.3 billion the following year, according to Treasury estimates, the projected budget deficits for those years would grow. The proposal, which calls for the

withholding of 5 percent of the dividend and interest payments made to domestic taxpayers, is one of a collection of tax code changes and loopholes that the president has said will be in his budget for the fiscal 1983, which he will submit to Congress next week.

The administration is expected to have trouble getting congressional endorsement for all of its plans to increase tax revenues — proposals that would raise \$31.7 billion in fiscal 1983 and 1984.

That figure compares with the \$24 billion figure released when the president delivered his State of the Union message last week. The new total includes \$20.7 billion in new revenues from selected tax code revisions and \$11 billion

from faster tax collection and enforcement, including the proposal for dividend and interest withholding.

A Treasury official said the new figures were a result of final estimates, not any changes in the proposals announced with the State of the Union address.

Mr. Regan's remarks followed a speech at the National Press Club in which he said the economy "will come roaring back in late spring." He also said that the recent rise in interest rates, including a jump in the prime rate to 16 1/2 percent from 15 1/2 percent at most large banks in the last two days, is "temporary."

The secretary also minimized his recent criticism of the Federal Reserve Board. Tuesday's remarks were his first in several weeks when he did not blame the Fed's management of the money supply for high interest rates.

On the dividend and interest proposal, the secretary said, "The president is, in fact, lukewarm on this one." The secretary even acknowledged that he opposed a similar plan in 1978, but he then got a laugh from the audience by adding: "Having said that, am I in favor of it? Yes."

Internal Evaluation
In addition, at an Oct. 31 meeting, Marathon's directors reviewed an evaluation, "based on internally generated data," that derived a net asset value "ranging from \$276 to \$323 per share," the document says.

First Boston submitted a written summary of the U.S. Steel offer, then valued by Marathon at \$106 a share, to the proxy material. The summary "didn't address the fairness of the U.S. Steel offer, but was considered by Marathon's board in evaluating and accepting such offer and in deciding to recommend it to the Marathon shareholders," the proxy material says.

However, the proxy material states elsewhere that First Boston did give an oral opinion at the Nov. 18 meeting that the terms of U.S. Steel's proposed takeover were fair to Marathon shareholders.

The proxy material took pains to explain the gap between the favorable evaluations and the actual amount the company accepted from U.S. Steel, noting that the various estimates "were not viewed by Marathon's board of directors as being reflective of, and do not represent, per-share values that could realistically be expected to be received by Marathon or its shareholders in a negotiated sale of the company as a going concern or through liquidation of the company's assets," the document says.

Observers were encouraged after the Treasury's three-part refunding got off to a good start Tuesday.

The Dow Jones industrial average fell 7.52 points to close at 845.02, with most of the decline coming in the afternoon. Declines led advances by around 880 to 550 and volume widened to some 50 million shares from 45.02 mln Tuesday.

Analysts attributed the market's weakness to a dip in the bond market and a rise in the closely watched federal funds rate to a high of 17 percent from 15 1/2 percent Tuesday.

The federal funds rate, on overnight loans between banks, is often erratic on Wednesday because it is bank settlement day, but the high level still caused concern among analysts.

Monte Gordon of Dreyfus Corp. also said investors are hesitant to buy into the market until they have some indication of any credit tightening decisions that might have been made at the Federal Reserve's Open Market Committee meeting Tuesday.

The committee does not announce any actions it decides to take, but analysts often read the direction of the fed funds rate as a signal of which direction monetary policy is moving.

Observers were encouraged after the Treasury's three-part refunding got off to a good start Tuesday.

Kodak Unveils Camera Using New Disk Film

From Agency Dispatches

NEW YORK — Eastman Kodak, in the first major design change since it introduced Instamatic cartridge cameras nearly two decades ago, Wednesday unveiled a new line of motorized compact cameras that use a wafer-thin rotating disk of film.

The three Kodak disk cameras, ranging in price from \$67.95 to \$142.95, contain two integrated electronic circuits which set the proper exposure, activate the built-in flash when necessary, take the picture, automatically advance the disk film to the next frame, and recharge the flash.

The camera, 5 inches (12.5 centimeters) long and 3 inches (7.5 centimeters) wide, is only about 3/4-inch (21-millimeters) thick because of the thinness of the disk film and can easily be carried in a shirt pocket.

Powered by lithium cells built to last more than 2,000 exposures, the camera is designed to recycle its electronic flash in just over a second. The top of the line camera can shoot at the rate of three frames per second in bright light.

Kodak Chairman Walter A. Fallon said the new cameras, which will be available in the United States in May, "are the most electronically sophisticated in the company's history and combined with the new film can produce a higher percentage of good to excellent pictures over a dramatically wider range of picture-taking conditions."

"This means that users can take pictures practically as fast as they can press the shutter release indoors or out," said Mr. Fallon.

The company also said it will support the introduction of the new disk cameras and film with the largest advertising campaign in its history.

Kodak also announced it is discontinuing all but three of its present traditional cameras due to the introduction of the cameras. Kodak will continue to sell the Ektralite 110 pocket camera, with a built-in electronic flash, the Ektralite 110 model, and X-15 chemical flash 116 model.

Kodak would not say whether it will take a charge against earnings to discontinue the cameras.

Kodak said the key to the new system is the development of the disk film for use in the small 8-by-

10-millimeter format. To permit the smaller size, the new film has lower granularity with more sharpness than current Kodacolor II film, it explained. The 15-exposure disk is contained in a wafer-thin three-by-three inch cartridge. The disks are priced at \$3.19, with a two-disk carton selling for \$5.90.

With the small format came the design of a short focal-length lens that combines a fast — 2.8 f-stop — speed and the depth of field needed for most picture-taking situations with fixed-focus cameras, Kodak said. It described the lens as being "near the theoretical limits of perfection," containing four glass elements.

The announcement drew enthusiastic response on Wall Street. "As expected, Kodak brought out an exceptionally fine camera," said Ty Gowan, a photo industry analyst at Bache.

Kodak stock climbed 50 cents to \$74.75 shortly after the announcement.

Other analysts said the new line may be priced too high to capture the mass amateur photography market. "I had expected more of a mass market item, but it would have to be priced under \$50 to reach such a wide audience," James Chung, of Merrill Lynch said.

"They have cut off part of the market by pricing the camera at that level," William Relyea, of Paine Webber Mitchell Hutchins, said.

The new Kodak line — which can produce only prints and not slides — is different from the disk camera Sony demonstrated last October for introduction sometime in the next two years. Sony's 50-exposure disk camera does not use photographic film but magnetically records still pictures for instant viewing on home television sets.

Kodak also said a line of photo-finishing equipment will be available to handle the disk film. It ranges from fully automated equipment for high-volume labs to small, manually operated equipment to meet the needs of the smallest lab. Deliveries of new photo-finishing equipment to processors will begin after Feb. 23, Kodak said.

Kodak said its top-of-the-line finishing equipment incorporates a microprocessor and can process about 1,800 frames per hour.

N.Y. Stock Prices Slide; Rates Move Higher

From Agency Dispatches

NEW YORK — Prices on the New York Stock Exchange declined substantially Wednesday amid continuing concerns that the Federal Reserve is tightening monetary policy, which could push interest rates higher.

The Dow Jones industrial average fell 7.52 points to close at 845.02, with most of the decline coming in the afternoon. Declines led advances by around 880 to 550 and volume widened to some 50 million shares from 45.02 mln Tuesday.

Analysts attributed the market's weakness to a dip in the bond market and a rise in the closely watched federal funds rate to a high of 17 percent from 15 1/2 percent Tuesday.

The federal funds rate, on overnight loans between banks, is often erratic on Wednesday because it is bank settlement day, but the high level still caused concern among analysts.

Monte Gordon of Dreyfus Corp. also said investors are hesitant to buy into the market until they have some indication of any credit tightening decisions that might have been made at the Federal Reserve's Open Market Committee meeting Tuesday.

The committee does not announce any actions it decides to take, but analysts often read the direction of the fed funds rate as a signal of which direction monetary policy is moving.

Observers were encouraged after the Treasury's three-part refunding got off to a good start Tuesday.

The auction of \$5 billion of notes brought a yield of 14.63 percent, down from the anticipated 14.75. But on Wednesday, rates on federal funds, or interbank loans, ranged up to 16 1/2 percent Wednesday, up from 15 to 15 1/2 percent most of Tuesday.

However, dealers in credit markets remained cautious, concerned about investor acceptance of the remaining two offerings: \$5.5 billion of 10-year notes to be auctioned Wednesday, and \$2.5 billion of 30-year securities to be sold Thursday.

There was speculation the Federal Reserve would report a \$2 billion to \$3 billion drop in the money supply Friday. But skeptics noted experts were looking for such a drop last week, when they got only a \$600 million dip.

In foreign exchange trading, the dollar continued to gain in moderately active morning business, rising above 2.36 Deutsche marks and six French Francs shortly after midday, dealers said.

In corporate news, Greyhound said it has acquired 900,000 of its common shares since November and may buy more.

In Chicago, a federal judge denied Brunswick Corp.'s motion to extend the probation date and withdrawal date of Whitaker Corp.'s tender offer for Brunswick common stock, a court spokeswoman said. The judge on Tuesday denied the motion by Brunswick, which opposes Whitaker's \$320-million takeover bid. Brunswick's share price was higher most of the day on the news.

From Boston, General Cinema said it acquired 2.1 million shares, or about 9.7 percent of the outstanding stock of Heublein. General Cinema said it plans to increase its stake to over 15 percent. It said the shares were purchased in the open market for investment purposes.

American Motors Corp. announced Wednesday it would expand its rebate program, following the lead of the nation's two biggest carmakers.

DIAMONDS

YOUR BEST BUY

Single diamonds at wholesale prices by ordering direct from Antwerp, the world's most important cut-diamond market. Give diamonds to the ones you love, buy for investment, for your enjoyment. Write, airmail for free price list or call us.

Joachim Goldenstein
diamond expert
Established 1928
Belgium - Tel.: 031 847.51.
Tel.: 7178 syt h
at the Diamond Club Bldg.

Gold Medal
1978 BRUSSELS INTERNATIONAL EXHIBITION
GOLD MEDAL 1978

CURRENCY RATES

Interbank exchange rates for Feb. 3, 1982, excluding bank service charges.

	\$	£	D.M.	F.F.	Y.L.	Sw.	S.F.	D.K.
Amsterdam	2.5995	4.884	10.911	43.14	2.263	16.551	134.36	32.87
Brussels (b)	39.50	74.725	17.25	6.944	3.188	71.30	5.21	
Frankfurt	2.3255	4.285	10.705	41.30	2.137	16.374	134.30	32.86
London (b)	1.8635		4.3885	11.1488	2.2049	4.8802	74.985	3.2228
Milano	1.25435	2.24410	55.051	218.17	40.22	31.28	444.75	165.58
New York	1.0000	1.9362	4.7559	19.368	0.9776	8.264	66.339	1.6278
Paris	5.965	11.1435	26.439		4.725	22.02	14.919	37.705
Zurich	1.8872	3.5272	10.334	41.295	2.1503	73.445	4.757	24.85
ECU	1.6475	3.5587	2.4484	4.225	1.21038	2.6457	41.708	1.5657

	\$	£	D.M.	F.F.	Y.L.	Sw.	S.F.	D.K.
Banque	1.0000	1.9362	4.7559	19.368	0.9776	8.264	66.339	1.6278
Amsterdam	0.8645	1.7012	4.029	16.844	0.959	7.814	62.814	1.5657
Australian dollar	0.8224	1.6518	3.9227	16.222	0.944	7.624	61.814	1.5478
Belgian franc	0.0225	0.4525	1.0525	4.225	0.9776	8.264	66.339	1.6278
Canadian dollar	0.7599	1.5525	3.8525	15.8525	0.944	7.624	61.814	1.5478
French franc	0.0225	0.4525	1.0525	4.225	0.9776	8.264	66.339	1.6278

NYSE Nationwide Trading Closing Prices Feb. 3

Tables include the nationwide prices up to the closing on Wall Street.

Market Summary	
Feb. 3, 1982	
Dow Jones Averages	
INDUSTRIAL	2,898.44
UTILITY	1,145.44
TRANSPORTATION	1,145.44
COMMODITIES	1,145.44
FINANCIAL	1,145.44
Market Diaries	
NYSE	1,145.44
AMEX	1,145.44
NYSE Most Active	
IBM	1,145.44
AT&T	1,145.44
GE	1,145.44
AMER. TEL. & TEL.	1,145.44
AMER. AIRLINES	1,145.44
NYSE Index	
NYSE	1,145.44
Standard & Pools Index	
NYSE	1,145.44
AMEX Most Active	
IBM	1,145.44
AT&T	1,145.44
GE	1,145.44
AMER. TEL. & TEL.	1,145.44
AMER. AIRLINES	1,145.44
AMEX Stock Index	
AMEX	1,145.44
Odd-Lot Trading in N.Y.	
NYSE	1,145.44
Dow Jones Bond Averages	
INDUSTRIAL	1,145.44
UTILITY	1,145.44
TRANSPORTATION	1,145.44
COMMODITIES	1,145.44
FINANCIAL	1,145.44

Stock	High	Low	Open	Close	Change
IBM	114.54	114.54	114.54	114.54	0.00
AT&T	114.54	114.54	114.54	114.54	0.00
GE	114.54	114.54	114.54	114.54	0.00
AMER. TEL. & TEL.	114.54	114.54	114.54	114.54	0.00
AMER. AIRLINES	114.54	114.54	114.54	114.54	0.00
...

Stock	High	Low	Open	Close	Change
IBM	114.54	114.54	114.54	114.54	0.00
AT&T	114.54	114.54	114.54	114.54	0.00
GE	114.54	114.54	114.54	114.54	0.00
AMER. TEL. & TEL.	114.54	114.54	114.54	114.54	0.00
AMER. AIRLINES	114.54	114.54	114.54	114.54	0.00
...

Stock	High	Low	Open	Close	Change
IBM	114.54	114.54	114.54	114.54	0.00
AT&T	114.54	114.54	114.54	114.54	0.00
GE	114.54	114.54	114.54	114.54	0.00
AMER. TEL. & TEL.	114.54	114.54	114.54	114.54	0.00
AMER. AIRLINES	114.54	114.54	114.54	114.54	0.00
...

Stock	High	Low	Open	Close	Change
IBM	114.54	114.54	114.54	114.54	0.00
AT&T	114.54	114.54	114.54	114.54	0.00
GE	114.54	114.54	114.54	114.54	0.00
AMER. TEL. & TEL.	114.54	114.54	114.54	114.54	0.00
AMER. AIRLINES	114.54	114.54	114.54	114.54	0.00
...

Stock	High	Low	Open	Close	Change
IBM	114.54	114.54	114.54	114.54	0.00
AT&T	114.54	114.54	114.54	114.54	0.00
GE	114.54	114.54	114.54	114.54	0.00
AMER. TEL. & TEL.	114.54	114.54	114.54	114.54	0.00
AMER. AIRLINES	114.54	114.54	114.54	114.54	0.00
...

Stock	High	Low	Open	Close	Change
IBM	114.54	114.54	114.54	114.54	0.00
AT&T	114.54	114.54	114.54	114.54	0.00
GE	114.54	114.54	114.54	114.54	0.00
AMER. TEL. & TEL.	114.54	114.54	114.54	114.54	0.00
AMER. AIRLINES	114.54	114.54	114.54	114.54	0.00
...

Stock	High	Low	Open	Close	Change
IBM	114.54	114.54	114.54	114.54	0.00
AT&T	114.54	114.54	114.54	114.54	0.00
GE	114.54	114.54	114.54	114.54	0.00
AMER. TEL. & TEL.	114.54	114.54	114.54	114.54	0.00
AMER. AIRLINES	114.54	114.54	114.54	114.54	0.00
...

The world at your
finger tips.
International Herald Tribune
We've got news for you.

JP 11, 10 15

\$350 Million Tax Sale Draws Lawmakers' Ire

Offered In Chrysler Bid

Defence Wing Sought By General Dynamics

By Donald Woutar
Los Angeles Times Service

DETROIT — General Dynamics Corp. has offered to pay more than \$350 million for Chrysler Corp.'s defense subsidiary, and well-placed sources said that officials of both companies were hoping to complete the deal in time for Chrysler directors to vote on the transaction Thursday.

Officials of the two companies and the Army met through the weekend and continued talking Tuesday, the sources said. Except for several unspecified questions raised by the Pentagon, "the deal is for all practical purposes consummated," one source said.

Neither Chrysler nor General Dynamics, the largest U.S. defense contractor, would comment. Chrysler has said only that several companies are interested in buying the profitable subsidiary, which builds tanks and equipment.

Chrysler has long resisted the sale of its defense subsidiary, which contributes about \$60 million in pretax earnings annually. The automaker is expected to report later this month a loss for 1981 of more than \$500 million.

The sale of the subsidiary would leave Chrysler with only one asset — its successful Mexican auto business — that does not rely on the troubled U.S. auto market.

Earlier, Chrysler sold its car operations in Europe, Latin America and Australia as well as real estate and other interests.

No Immediate Improvement

But the prolonged slump in car and truck sales continues to squeeze Chrysler's cash position, and no significant improvement is expected until late this year.

An infusion of \$350 million would substantially improve Chrysler's cash situation. Chairman Lee A. Iacocca has said that the sale of the defense unit would be less disastrous than another request for federal loan guarantees, which would invite negative publicity and force the company to take on a still heavier debt burden.

A Chrysler spokesman said that the sale of the unit would provide Chrysler with a cushion, but that there is no emergency. Sources close to the federal Chrysler Loan Guarantee Board, which oversees government-backed lending to the automaker, agree that it is "not a fire-sale deal."

Chrysler has been juggling its finances in recent weeks, negotiating a third deferral of pension fund payments for union employees but paying off the last of its non guaranteed bank debt six weeks ahead of schedule.

The loan board "wouldn't have let them pay off the banks early if they were really pinching pennies," a government source said of Monday's \$47 million payment, which retired the last of \$1.3 billion in bank debt at a rate of 15 cents on the dollar.

Chrysler's defense unit builds tanks and components in government-owned facilities in Michigan, Ohio and Pennsylvania, and has 7,000 employees. The defense subsidiary's value lies in Chrysler's contract to build the old M-60 and new M-1 battle tanks.

Eastern Bloc Pays Premium On New Debt

By Thomas B. Edsall
Washington Post Service

WASHINGTON — Congressional opposition to the controversial corporate tax sale provisions of the 1981 Economic Recovery Tax Act — a section denounced as corporate welfare by critics — is mounting.

In the Senate, 18 sponsors and

co-sponsors — including two from the Finance Committee — have introduced five separate bills repealing the section of the law allowing corporate tax sales through paper transactions called "leases."

In the House, there are eight separate bills with 37 backers. The bills all would end the transactions, which are expected to cost the Treasury at least \$27 billion through 1986.

The mood of Congress was reflected earlier this week when Sen. Robert Dole, Republican of Kansas, chairman of the Finance Committee, told a group of lobbyists: "If any of you are going to take advantage of that [corporate tax sales through leases], you better hurry."

Similarly, Sen. Bob Packwood, Republican of Oregon, the second ranking Republican on the panel, told the same group: "If you see several years of corporations paying no taxes, then you'll see something bordering on revolt... It's imperative that everyone, including corporations, pay some taxes."

Significant Backing
The bills that have drawn the most backing have been introduced by Sen. Claiborne Pell, a Rhode Island Democrat, who has 13 cosponsors, and by Republican Rep. Jim Leach of Iowa, who has 25 cosponsors.

At the same time, members of Congress and their aides report that lobbyists representing key industries benefiting from the provisions have started work to quiet the drive for repeal. "Let's just say we are active," said Charles E. Walker, a lobbyist representing the airline, steel, automobile and other weak industries.

In private, a number of the lobbyists acknowledge that modification of the legislation is likely. With almost no consideration by Congress, the leasing provisions were slipped into the administration's bill last summer. Since its enactment last August, however, disclosure of a number of tax-sale deals benefiting highly profitable companies has resulted in growing opposition.

The deal that sparked the most protest was the announcement that Occidental Petroleum, a firm with earnings of \$710.8 million in 1980, "sold" just under \$30 million in tax breaks to a New York insurance and investment company. Occidental has paid no federal in-

come tax for the past three years because of other sections of the tax code, and consequently could not use the tax breaks itself. When proposed, the tax sale provision was supposed to benefit beleaguered firms, such as Chrysler and International Harvester, along with new companies that have not started to earn profits and consequently have no taxes against which to write off investment credits and deductions.

"The example of Occidental Petroleum is one of the most shocking," one lawmaker said. "Here was a case of a booming corporation which owed no taxes because it already received many tax breaks such as credits from overseas operations in the Soviet Union, Libya and elsewhere."

Economic Logic
While the leasing provisions have provoked sharp attacks from both liberals and conservatives, criticism from members of the two congressional tax-writing committees, reformers and business tax experts has been far more muted.

In these quarters, the much more commonly held view is that tax sales under the leasing provisions have a certain economic logic within the context of the passage of the massive business tax cuts provided under the new depreciation schedule known as "10-5-3."

The lines of this argument are that 10-5-3 (for the shortened number of years used for depreciation schedules) provided such a major tax benefit to profitable companies — particularly capital-intensive firms — that tax "sales" are one way to spread the benefits around and prevent tax-induced distortions of the marketplace.

Under this thinking, the tax bill without "leasing" would mean that the cost of a new investment for a profitable company would effectively be far less than for a firm running in the red. This occurs because the profitable firm would be able to reduce the cost of the investment by taking depreciation and investment credits to lower tax liability, while the poor firm owes no taxes and has no way to use depreciation and credits.

In this context, congressional aides and lobbyists are exploring a number of ways to modify the leasing provisions with two goals in mind: to end tax sales by profitable companies and to lower the expected losses to the Treasury.

ish carrier that handles SAS passengers in Madrid, tried to sabotage the special boarding system by tearing up boarding passes, and Air France has protested bitterly — threatening to block SAS landings in Paris — about the low fares that are undercutting its own premium business class.

Mr. Carlson also instituted a drive to improve the punctuality of remaining flights, and installed a computer terminal next to his desk so he could monitor the results hour by hour. Finally, he set up a program under which 6,000 employees will spend two days each with an expert learning how to deal better with customers.

It is too early to tell if his efforts are paying off, but the transport association figures on the all-important load factor indicate the airline has been showing improvement. In 1978-79, the company's load factor was 56 percent; in 1979-80, 56.9 percent, and in 1980-81, 57.8 percent.

The goal for this year is a profit of \$1.8 million for the airline and \$18 million for the overall corporation, and officials report so far budget targets are being met. Half of the \$35 million Mr. Carlson hopes to trim from costs in 1982 has already been realized.

But the attempted revitalization has not been accomplished without causing irritation, not only among some employees but also among competing airlines that consider SAS's tactics unfair.

Employees of Iberia, the Spanish carrier, also instituted a drive to improve the punctuality of remaining flights, and installed a computer terminal next to his desk so he could monitor the results hour by hour. Finally, he set up a program under which 6,000 employees will spend two days each with an expert learning how to deal better with customers.

SAS Sets New Ground Rules To Challenge Competition

(Continued from Page 7)

very areas where it was most visible to passengers.

A number of unprofitable routes were dropped off the schedule, 10 airplanes sold, and the administration of the airline completely reorganized and scaled down.

Mr. Carlson also instituted a drive to improve the punctuality of remaining flights, and installed a computer terminal next to his desk so he could monitor the results hour by hour. Finally, he set up a program under which 6,000 employees will spend two days each with an expert learning how to deal better with customers.

It is too early to tell if his efforts are paying off, but the transport association figures on the all-important load factor indicate the airline has been showing improvement. In 1978-79, the company's load factor was 56 percent; in 1979-80, 56.9 percent, and in 1980-81, 57.8 percent.

The goal for this year is a profit of \$1.8 million for the airline and \$18 million for the overall corporation, and officials report so far budget targets are being met. Half of the \$35 million Mr. Carlson hopes to trim from costs in 1982 has already been realized.

But the attempted revitalization has not been accomplished without causing irritation, not only among some employees but also among competing airlines that consider SAS's tactics unfair.

Employees of Iberia, the Spanish carrier, also instituted a drive to improve the punctuality of remaining flights, and installed a computer terminal next to his desk so he could monitor the results hour by hour. Finally, he set up a program under which 6,000 employees will spend two days each with an expert learning how to deal better with customers.

It is too early to tell if his efforts are paying off, but the transport association figures on the all-important load factor indicate the airline has been showing improvement. In 1978-79, the company's load factor was 56 percent; in 1979-80, 56.9 percent, and in 1980-81, 57.8 percent.

The goal for this year is a profit of \$1.8 million for the airline and \$18 million for the overall corporation, and officials report so far budget targets are being met. Half of the \$35 million Mr. Carlson hopes to trim from costs in 1982 has already been realized.

But the attempted revitalization has not been accomplished without causing irritation, not only among some employees but also among competing airlines that consider SAS's tactics unfair.

Employees of Iberia, the Spanish carrier, also instituted a drive to improve the punctuality of remaining flights, and installed a computer terminal next to his desk so he could monitor the results hour by hour. Finally, he set up a program under which 6,000 employees will spend two days each with an expert learning how to deal better with customers.

It is too early to tell if his efforts are paying off, but the transport association figures on the all-important load factor indicate the airline has been showing improvement. In 1978-79, the company's load factor was 56 percent; in 1979-80, 56.9 percent, and in 1980-81, 57.8 percent.

The goal for this year is a profit of \$1.8 million for the airline and \$18 million for the overall corporation, and officials report so far budget targets are being met. Half of the \$35 million Mr. Carlson hopes to trim from costs in 1982 has already been realized.

But the attempted revitalization has not been accomplished without causing irritation, not only among some employees but also among competing airlines that consider SAS's tactics unfair.

Employees of Iberia, the Spanish carrier, also instituted a drive to improve the punctuality of remaining flights, and installed a computer terminal next to his desk so he could monitor the results hour by hour. Finally, he set up a program under which 6,000 employees will spend two days each with an expert learning how to deal better with customers.

It is too early to tell if his efforts are paying off, but the transport association figures on the all-important load factor indicate the airline has been showing improvement. In 1978-79, the company's load factor was 56 percent; in 1979-80, 56.9 percent, and in 1980-81, 57.8 percent.

The goal for this year is a profit of \$1.8 million for the airline and \$18 million for the overall corporation, and officials report so far budget targets are being met. Half of the \$35 million Mr. Carlson hopes to trim from costs in 1982 has already been realized.

But the attempted revitalization has not been accomplished without causing irritation, not only among some employees but also among competing airlines that consider SAS's tactics unfair.

Employees of Iberia, the Spanish carrier, also instituted a drive to improve the punctuality of remaining flights, and installed a computer terminal next to his desk so he could monitor the results hour by hour. Finally, he set up a program under which 6,000 employees will spend two days each with an expert learning how to deal better with customers.

It is too early to tell if his efforts are paying off, but the transport association figures on the all-important load factor indicate the airline has been showing improvement. In 1978-79, the company's load factor was 56 percent; in 1979-80, 56.9 percent, and in 1980-81, 57.8 percent.

The goal for this year is a profit of \$1.8 million for the airline and \$18 million for the overall corporation, and officials report so far budget targets are being met. Half of the \$35 million Mr. Carlson hopes to trim from costs in 1982 has already been realized.

But the attempted revitalization has not been accomplished without causing irritation, not only among some employees but also among competing airlines that consider SAS's tactics unfair.

Employees of Iberia, the Spanish carrier, also instituted a drive to improve the punctuality of remaining flights, and installed a computer terminal next to his desk so he could monitor the results hour by hour. Finally, he set up a program under which 6,000 employees will spend two days each with an expert learning how to deal better with customers.

It is too early to tell if his efforts are paying off, but the transport association figures on the all-important load factor indicate the airline has been showing improvement. In 1978-79, the company's load factor was 56 percent; in 1979-80, 56.9 percent, and in 1980-81, 57.8 percent.

The goal for this year is a profit of \$1.8 million for the airline and \$18 million for the overall corporation, and officials report so far budget targets are being met. Half of the \$35 million Mr. Carlson hopes to trim from costs in 1982 has already been realized.

But the attempted revitalization has not been accomplished without causing irritation, not only among some employees but also among competing airlines that consider SAS's tactics unfair.

New Issue

This announcement appears as a matter of record only.

February 4, 1982

1982
e 7W



PETROLEOS MEXICANOS

Mexico, D.F.

DM 150,000,000

11% Bearer Bonds of 1982/1990

Issue Price: 100%

COMMERZBANK
Aktiengesellschaft

DEUTSCHE BANK
Aktiengesellschaft

CKREDIT LYONNAIS

MERRILL LYNCH INTERNATIONAL & CO.

DAIWA EUROPE LIMITED

WESTDEUTSCHE LANDESBANK
GIROZENTRALE

MANUFACTURERS HANOVER
Limited

SWISS BANK CORPORATION INTERNATIONAL
Limited

LLOYDS BANK INTERNATIONAL
Limited

Algemeene Bank Nederland N.V.
Amro International Limited
Arab Banking Corporation (ABC)
Bankhaus H. Aufhäuser
Banca Commerciale Italiana
Banca del Gottardo
B.S.I. Underwriters Limited
Banca di Roma
Banque S.A.
Bank of America International Limited
Bank Julius Baer International Limited
Bank für Gemeinwirtschaft
Aktiengesellschaft
Bank Züri, Kur, Bungere
(Overseas) Limited
Bank Leu International Ltd.
Bank Mees & Hope NV
Banque Bruxelles Lambert S.A.
Banque Française du Commerce Extérieur
Banque Générale du Luxembourg S.A.
Banque de l'Indochine et de l'Extrême
Banque Internationale à Luxembourg S.A.
Banque Nationale de Paris
Banque de Paris et des Pays-Bas
Banque de Paris et des Pays-Bas (Suisse) S.A.
Banque Populaire Suisse S.A. Luxembourg
Baring Brothers & Co. Limited
Bayerische Hypothek- und Wechselbank
Aktiengesellschaft
Bayerische Landesbank Girozentrale
Bayerische Vereinsbank Aktiengesellschaft
Joh. Berenberg, Gossler & Co.
Bergien Bank
Berliner Bank Aktiengesellschaft
Berliner Handels- und Frankfurter Bank
Blyth Eastman Paine Webber
International Limited
Caisse des Dépôts et Consignations
Chase Manhattan Limited
Christiania Bank og Kreditkasse
Commerzbank International S.A.

Copenhagen Handelsbank
Crédit Chimique
Crédit Commercial de France
Crédit Industriel et Commercial
Crédit Suisse First Boston Limited
Creditanstalt-Bankverein
Richard Daus & Co. Bankiers
vormals Hans W. Petersen
Delbrück & Co.
Den norske Creditbank
Deutsche Girozentrale
— Deutsche Kommunalbank —
Deutsch-Südamerikanische Bank
Aktiengesellschaft
Dillon, Read Overseas Corporation
Dominion Securities Ames Limited
Dresdner Bank Aktiengesellschaft
Effektenbank-Warburg Aktiengesellschaft
Euromobiliare S.p.A.
EuroPartners Securities Corporation
European Banking Company Limited
Girozentrale und Bank der österreichischen
Sparkassen Aktiengesellschaft
Goldman Sachs International Corp.
Groupement des Banquiers Privés
Genevois
Hambros Bank Limited
Handelsbank N.W. (Overseas) Limited
Georg Hauck & Sohn Bankiers
Kommanditgesellschaft auf Aktien
Hessische Landesbank — Girozentrale —
Hill Samuel & Co. Limited
Industriebank von Japan (Deutschland)
Aktiengesellschaft
Kidder, Peabody International Limited
Kleinwort, Benson Limited
Kreditbank N.V.
Kreditbank S.A. Luxembourg
Kuwait Foreign Trading Contracting &
Investment Co. (S.A.K.)
Kuwait International Investment Co. s.a.k.

Kuwait Investment Company (S.A.K.)
Landesbank Rheinland-Pfalz
— Girozentrale —
Lazard Frères et Cie
Lehman Brothers Kuhn Loeb
International, Inc.
LTCB International Limited
Merk, Finck & Co.
B. Metzler seel. Sohn & Co.
Morgan Grenfell & Co. Limited
Morgan Guaranty Ltd.
Morgan Stanley International Limited
National Bank of Abu Dhabi
The Nikko Securities Co. (Europe) Ltd.
Nippon European Bank S.A.
Nomura International Limited
Norddeutsche Landesbank Girozentrale
Nordic Bank Limited
Sal. Oppenheim jr. & Cie.
Orion Royal Bank Limited
Privatbanke Aktieselskab
N. M. Rothschild & Sons Limited
Salomon Brothers International Limited
J. Henry Schroder Wagg & Co. Limited
Schröder, Münchmeyer, Hengst & Co.
Shearson Loeb Rhoades International
Limited
Skandinaviska Enskilda Banken
Smith Barney, Harris Upham & Co.
Incorporated
Société Générale de Banque S.A.
Svenska Handelsbanken
Trinkaus & Burkhart
Union Bank of Switzerland (Securities)
Limited
Vereins- und Westbank Aktiengesellschaft
M. M. Warburg-Brinckmann, Wirtz & Co.
S. G. Warburg & Co. Ltd.
Westfälische Landesbank Aktiengesellschaft
Wood Gundy Limited
Yamaichi International (Europe) Limited

COMPANY REPORTS

Revenue, Profits in Millions, in local currencies, unless otherwise indicated

Signal Companies			
Year	1981	1980	1979
Revenue	1,930	1,840	1,840
Profits	89.6	52.1	52.1
Canada			
Imasco			
3rd Quar.	1981	1980	1979
Revenue	1,020	601.6	601.6
Profits	37.2	26.8	26.8
Per Share	1.71	1.37	1.37
9 months			
Revenue	2,920	1,560	1,560
Profits	88.7	44.8	44.8
Per Share	4.44	2.24	2.24
Walker (Hiram) Resource			
1st Quar.	1981	1980	1979
Revenue	922.6	807.8	807.8
Profits	27.1	8.6	8.6
Per Share	0.54	0.17	0.17
France			
Pechiney Ugine Kuhlmann			
Year	1981	1980	1979
Revenue	137.0	225.0	225.0
Profits	137.0	225.0	225.0
United States			
American Can			
Year	1981	1980	1979
Revenue	4,840	4,210	4,210
Profits	76.7	85.7	85.7
Per Share	3.77	4.26	4.26
Avon Products			
4th Quar.	1981	1980	1979
Revenue	827.7	667.4	667.4
Profits	80.4	105.9	105.9
Per Share	1.34	1.76	1.76
Year			
Revenue	2,610	2,570	2,570
Profits	219.9	242.1	242.1
Per Share	3.46	4.02	4.02
Great Northern Nekosso			
4th Quar.	1981	1980	1979
Revenue	365.2	344.9	344.9
Profits	24.0	23.5	23.5
Per Share	1.48	1.45	1.45
Year			
Revenue	1,470	1,370	1,370
Profits	95.0	98.7	98.7
Per Share	5.25	6.15	6.15
IC Industries			
4th Quar.	1981	1980	1979
Revenue	1,090	1,120	1,120
Profits	44.8	44.8	44.8
Per Share	2.33	2.40	2.40
Year			
Revenue	4,190	4,140	4,140
Profits	134.4	120.7	120.7
Per Share	6.65	6.02	6.02
Lockheed			
4th Quar.	1981	1980	1979
Revenue	1,524	1,247	1,247
Profits	51.5	48.4	48.4
Per Share	10.50	9.50	9.50
Year			
Revenue	5,175	4,445	4,445
Profits	154.7	125.3	125.3
Per Share	10.50	9.50	9.50
Net income from continued operations			
Revenue	5,175	4,445	4,445
Profits	154.7	125.3	125.3
Per Share	10.50	9.50	9.50

BEAT INFLATION GUARANTEED

We offer term deposit accounts which produce maximum interest while at the same time giving flexibility of choice and absolute security for your money. Keep what you have earned and beat inflation with the following interest rates. GUARANTEED.

- Minimum deposit equivalent \$500.
- Withdrawals in any amount can be effected on maturity of the agreed notice.
- Interest paid or credited yearly.
- Amounts quoted are based on 1 year fixed term deposits.
- All interest paid is net and without deductions (taxes, etc.) at source.
- All transactions confidential.
- Deposits are unconditionally guaranteed.
- Write to Manager for further information.

	DOLLAR (Can.)	PERCENT
1 Year	17	%
2 Year	15.25	%
3 Year	15	%
4 Year	15.75	%
5 Year	18.25	%
6 Year	12.75	%
7 Year	9.5	%

NO TAX
Strategic Building Society
Liquidity Management
Branch
P.O. Box 243 - Grand
Tel: 725-66, Telex: 2297 STRAS GK

Weekly net asset value

Tokyo Pacific Holdings N.V.

on January 1, 1980: U.S. \$66.42
on February 1, 1982: U.S. \$89.12

Listed on the Amsterdam Stock Exchange

Information: Pierson, Heining & Pierson N.V.
Herengracht 214, 1016 BS Amsterdam.

The Republic of Peru

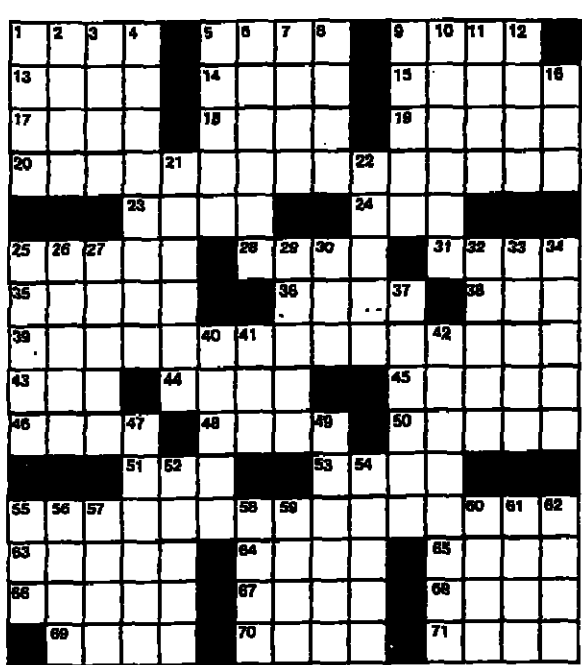
US\$300,000,000 medium-term Eurodollar facility

LEAD MANAGERS

MORGAN GUARANT

		1974		1973		1972		1971		1970		1969		1968		1967		1966		1965		1964		1963		1962		1961		1960		1959		1958		1957		1956		1955		1954		1953		1952		1951		1950		1949		1948		1947		1946		1945		1944		1943		1942		1941		1940		1939		1938		1937		1936		1935		1934		1933		1932		1931		1930		1929		1928		1927		1926		1925		1924		1923		1922		1921		1920		1919		1918		1917		1916		1915		1914		1913		1912		1911		1910		1909		1908		1907		1906		1905		1904		1903		1902		1901		1900		1899		1898		1897		1896		1895		1894		1893		1892		1891		1890		1889		1888		1887		1886		1885		1884		1883		1882		1881		1880		1879		1878		1877		1876		1875		1874		1873		1872		1871		1870		1869		1868		1867		1866		1865		1864		1863		1862		1861		1860		1859		1858		1857		1856		1855		1854		1853		1852		1851		1850		1849		1848		1847		1846		1845		1844		1843		1842		1841		1840		1839		1838		1837		1836		1835		1834		1833		1832		1831		1830		1829		1828		1827		1826		1825
--	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------	--	------

CROSSWORD — Edited by Eugene T. Malachuk



ACROSS

- 1 Indian head
5 Queens
diamond locale
9 Goats' gear
13 Yours, in Tours
14 Scottish
philosopher
15 "The
Fall," Miller
play
17 Astound
18 Shot, for short
19 Byzantine
empress
20 Set of laws
23 Laurel or holly
24 Ar follower
25 Where Galileo
taught
28 Fill gaps, in a
way
31 Place for cargo
35 Cancel a
mission
36 Dieter's
anathema
39 Cry's partner
39 Set of laws
42 Part of G.B.
43 Haymarket
event: 1886
45 Goddess of
grain
46 Shoal
48 Indigence
50 Part of L.C.D.

DOWN

- 1 "—thy bread
2 Major ending
3 Common or
proper word
4 Dye
5 Ignominy
6 Droned
7 Austen's
Woodhouse
8 Indefinite
period
9 Disables
10 Again
11 British carbine
12 Lane's fellow
reporter

ACROSS

- 16 Thing, in law
21 Cicero, e.g.
22 Twisted fabric
25 N.B.A. man
26 Have—to
pick
27 —City, on
the Santa Fe
Trail
29 Quartz
30 First of 12
32 "Butterfield 8"
author
33 Garage jobs,
informally
34 Jefferson or
Voltaire
37 Centers
40 Term terminus
41 Tiller's tool
42 Hire again
47 Phaedrus
products
49 Took off
52 Open structure
54 TV ad
55 However, for
short
56 Track event
57 Labengrin's
wife
58 Market aid
59 Hip
60 Lecture locale
61 "Star—"
62 Makes a
certain poker
bet

WEATHER

	HIGH	LOW		HIGH	LOW
C F	C F	C F	C F	C F	C F
ALABAMA	16	11	25	RAIN	
ALASKA	17	12	26	RAIN	
ARIZONA	17	12	27	RAIN	
ARKANSAS	17	12	28	RAIN	
CALIFORNIA	17	12	29	RAIN	
COLORADO	17	12	30	RAIN	
CONNECTICUT	17	12	31	RAIN	
DELAWARE	17	12	32	RAIN	
FLORIDA	17	12	33	RAIN	
GEORGIA	17	12	34	RAIN	
ILLINOIS	17	12	35	RAIN	
INDIANA	17	12	36	RAIN	
IOWA	17	12	37	RAIN	
KANSAS	17	12	38	RAIN	
KENTUCKY	17	12	39	RAIN	
LOUISIANA	17	12	40	RAIN	
MAINE	17	12	41	RAIN	
MARYLAND	17	12	42	RAIN	
MASSACHUSETTS	17	12	43	RAIN	
MICHIGAN	17	12	44	RAIN	
MINNESOTA	17	12	45	RAIN	
MISSISSIPPI	17	12	46	RAIN	
MISSOURI	17	12	47	RAIN	
MONTANA	17	12	48	RAIN	
NEBRASKA	17	12	49	RAIN	
NEVADA	17	12	50	RAIN	
NEW HAMPSHIRE	17	12	51	RAIN	
NEW JERSEY	17	12	52	RAIN	
NEW MEXICO	17	12	53	RAIN	
NEW YORK	17	12	54	RAIN	
NORTH CAROLINA	17	12	55	RAIN	
NORTH DAKOTA	17	12	56	RAIN	
OHIO	17	12	57	RAIN	
OKLAHOMA	17	12	58	RAIN	
OREGON	17	12	59	RAIN	
PENNSYLVANIA	17	12	60	RAIN	
RHODE ISLAND	17	12	61	RAIN	
SOUTH CAROLINA	17	12	62	RAIN	
SOUTH DAKOTA	17	12			
TENNESSEE	17	12			
TEXAS	17	12			
UTAH	17	12			
Vermont	17	12			
VIRGINIA	17	12			
WASHINGTON	17	12			
WEST VIRGINIA	17	12			
WISCONSIN	17	12			
WYOMING	17	12			

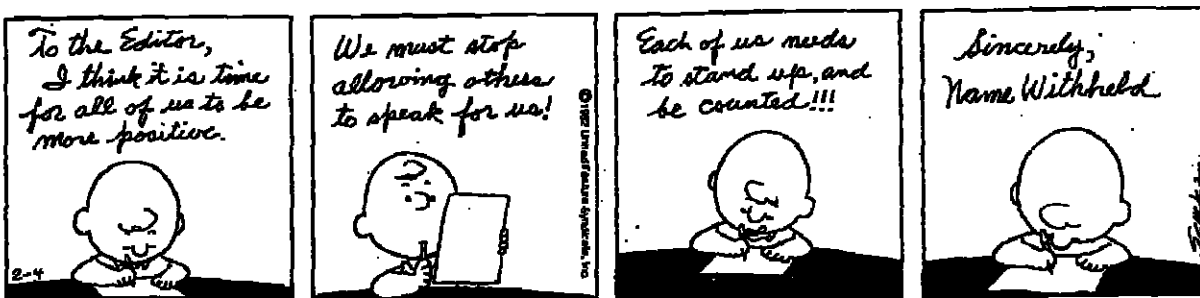
Readings from the previous 24 hours.

ADVERTISEMENT
INTERNATIONAL FUNDS

February 3, 1982

The net asset value quotations shown below are supplied by the Funds listed with the exception of some funds whose shares are based on issue prices. The following information is for informational purposes only and does not constitute an offer of securities. For more information, contact your broker or the fund company.		
Fund	Net Asset Value	Change
BANK OF AMERICA FUNDS		
(1) Bank of America Fund	\$1.00	0.00
(2) Bank of America Fund	\$1.00	0.00
(3) Bank of America Fund	\$1.00	0.00
(4) Bank of America Fund	\$1.00	0.00
(5) Bank of America Fund	\$1.00	0.00
(6) Bank of America Fund	\$1.00	0.00
(7) Bank of America Fund	\$1.00	0.00
(8) Bank of America Fund	\$1.00	0.00
(9) Bank of America Fund	\$1.00	0.00
(10) Bank of America Fund	\$1.00	0.00
(11) Bank of America Fund	\$1.00	0.00
(12) Bank of America Fund	\$1.00	0.00
(13) Bank of America Fund	\$1.00	0.00
(14) Bank of America Fund	\$1.00	0.00
(15) Bank of America Fund	\$1.00	0.00
(16) Bank of America Fund	\$1.00	0.00
(17) Bank of America Fund	\$1.00	0.00
(18) Bank of America Fund	\$1.00	0.00
(19) Bank of America Fund	\$1.00	0.00
(20) Bank of America Fund	\$1.00	0.00
(21) Bank of America Fund	\$1.00	0.00
(22) Bank of America Fund	\$1.00	0.00
(23) Bank of America Fund	\$1.00	0.00
(24) Bank of America Fund	\$1.00	0.00
(25) Bank of America Fund	\$1.00	0.00
(26) Bank of America Fund	\$1.00	0.00
(27) Bank of America Fund	\$1.00	0.00
(28) Bank of America Fund	\$1.00	0.00
(29) Bank of America Fund	\$1.00	0.00
(30) Bank of America Fund	\$1.00	0.00
(31) Bank of America Fund	\$1.00	0.00
(32) Bank of America Fund	\$1.00	0.00
(33) Bank of America Fund	\$1.00	0.00
(34) Bank of America Fund	\$1.00	0.00
(35) Bank of America Fund	\$1.00	0.00
(36) Bank of America Fund	\$1.00	0.00
(37) Bank of America Fund	\$1.00	0.00
(38) Bank of America Fund	\$1.00	0.00
(39) Bank of America Fund	\$1.00	0.00
(40) Bank of America Fund	\$1.00	0.00
(41) Bank of America Fund	\$1.00	0.00
(42) Bank of America Fund	\$1.00	0.00
(43) Bank of America Fund	\$1.00	0.00
(44) Bank of America Fund	\$1.00	0.00
(45) Bank of America Fund	\$1.00	0.00
(46) Bank of America Fund	\$1.00	0.00
(47) Bank of America Fund	\$1.00	0.00
(48) Bank of America Fund	\$1.00	0.00
(49) Bank of America Fund	\$1.00	0.00
(50) Bank of America Fund	\$1.00	0.00
(51) Bank of America Fund	\$1.00	0.00
(52) Bank of America Fund	\$1.00	0.00
(53) Bank of America Fund	\$1.00	0.00
(54) Bank of America Fund	\$1.00	0.00
(55) Bank of America Fund	\$1.00	0.00
(56) Bank of America Fund	\$1.00	0.00
(57) Bank of America Fund	\$1.00	0.00
(58) Bank of America Fund	\$1.00	0.00
(59) Bank of America Fund	\$1.00	0.00
(60) Bank of America Fund	\$1.00	0.00
(61) Bank of America Fund	\$1.00	0.00
(62) Bank of America Fund	\$1.00	0.00

PEANUTS



BLONDIE



BEETLEBAILEY



ANDY CAPP



WIZARD OF ID



REX MORGAN



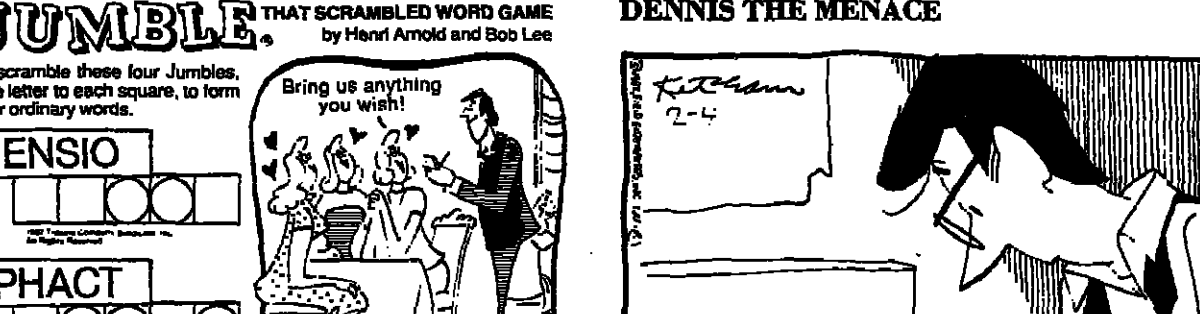
DONESBURY



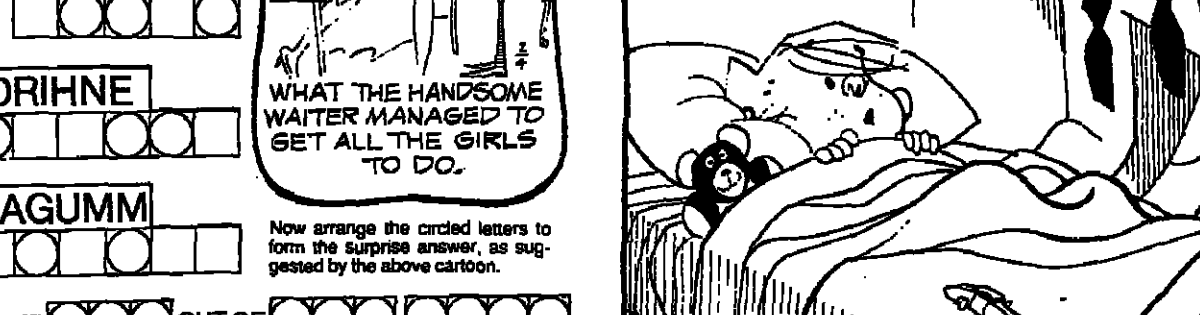
JUMBLE



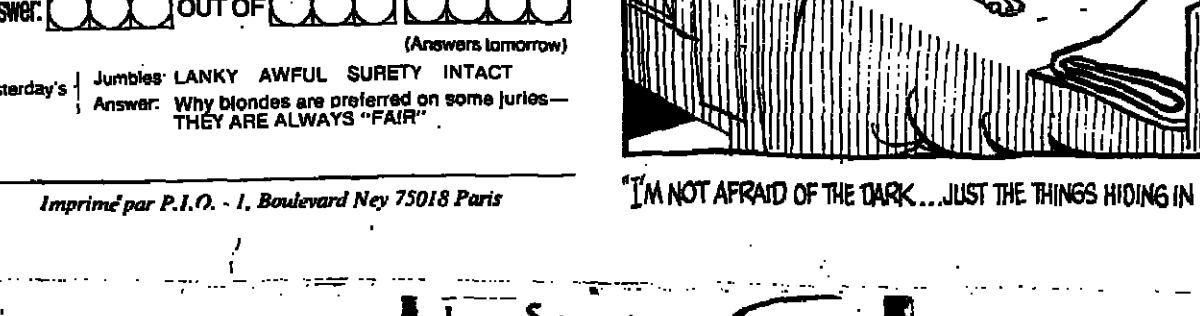
PHACT



DRIHNE



NAGUMM



BOOKS

LIFE AFTER MARRIAGE

Love in an Age of Divorce

By A. Alvarez. 269 pp. \$14.50.

Simon & Schuster, 1230 Avenue of the Americas, New York 10020.

Reviewed by Christopher Lehmann-Haupt

I LIKED some of the stories that A. Alvarez, the English critic and novelist, recounts in his latest work of nonfiction, "Life After Marriage: Love in an Age of Divorce." I enjoyed the history of Leo, for example, who was good as a father, but couldn't get in step with his various wives.

Or the memoir of the author's own appalling marriage, the consequence, at least to begin with, of an overdose of D.H. Lawrence, which, apply enough led Alvarez to marry Frieda Lawrence's granddaughter.

No, on second thought, I didn't like these stories so much as I was held by them as if witnessing an execution. But like all the best stories, their particulars seemed unique. Yet all of us are aware of similar cases.

I admired the way Alvarez articulated the feelings aroused by the ending of a marriage. "After years in a closed domestic universe — children, schools, ill-fated family budgeting and annual holidays, the pleasures or troubles of the marriage bed, the few friends who become fewer as the horizon tightens with age — the walls suddenly fall away. . . . Life, in short, becomes interesting again, as it was in one's youth when it all seemed about to happen."

And even where Alvarez really hasn't a great deal to say, there is the case histories may be, they remain composites of the truth and so cannot be taken seriously except as artless fictions based on Alvarez's impressions of contemporary society.

As fluently as he makes his points, it seems to me a useless oversimplification to suggest as he does that cus-

tom fights and battles for possessions are simply so many expressions of mourning for the recently deceased marriage. And considering all the understanding he has lavished on adult victims of divorce, he might have dramatized a case or two of suffering children (besides the experiences of Frieda, Lawrence's offspring, who were hardly typical victims of marital discord).

The problem seems to be that Alvarez could not do the book about divorce that he had previously written about self-destruction in "The Savage God: A Study of Suicide." Where suicide seemed to reach out continually toward the imagination and a whole world of literature, including Hamlet's most famous soliloquy, divorce seemed "above all a matter of theological and legal argument." So he begins where he ended in "The Savage God" — with a harrowing account of his own unhappy experience — and tries to improvise the rest, using as his material everything from the passion of D.H. Lawrence and Frieda, to his composite case histories.

Although Alvarez closes with a bleak view of the future as it is already being tested with "superstitions marriages" in Scandinavia, he seems to end on the side of marriage. But the kind of union he endorses is not the sort that came in with the second sexual revolution of the 1960s — that is, love based on an ideal of eroticism instead of romance. Instead, he seems to favor marriage bonded not only by sex, but also by the cement of friendship in the sense that the polar explorer, Apsley Cherry-Garrard defined it when he wrote, "The mutual conquest of difficulties is the cement of friendship as it is the only lasting cement of marriage."

Like many other parts of Alvarez's haphazardly organized book, this conclusion strikes one as a view worth stopping to look at. The only question is whether all the book's views add up to a sufficiently worthwhile journey.

Christopher Lehmann-Haupt is on the staff of The New York Times.

THE MAN WHO LIVED AT THE RITZ

By A.E. Hotchner. 286 pp. \$13.95.

G.P. Putnam's Sons, 200 Madison Ave., New York, N.Y. 10016

Reviewed by Anatole Broyard

A NOVEL that mixes real and fictional people reminds me of those plays in which the actors mingle with the audience. I never know just how I'm supposed to respond to them and this is presumably the playwright's best intention. Yet Hotchner, who is best known for his biographies of Hemingway, Doris Day and Sophia Loren, does not seem to be at all coy in "The Man Who Lived at the Ritz." When he describes Hemingway, I'm pretty sure that this is the real Hemingway, but when I consider the rather curious life attributed to Coco Chanel, I wonder. Yet, the existence of libel laws would seem to imply that Hotchner knows what he's talking about.

These considerations do not keep me from enjoying "The Man Who Lived at the Ritz." It's an interesting picture of Paris during the German Occupation and Philip Weber, the hero of the book, is one of those pathetic, rather passive people who inspires other people to reveal themselves, as if to fill the space he fails to occupy.

Philip, who is an American, has been living in Paris at the Ritz for 12 years when he meets Hermann Göring in the elevator. Göring admires his suit, especially the workmanship of the lapels, and this begins their odd association. The United States is still technically neutral, and besides, Philip is a devoted admirer of Charles Lindbergh who according to Hotchner, is a political naïf, pro-German and an isolationist.

Philip has tried his luck at writing, but his friend Hemingway says that he "falls somewhere in between the letter writers and the pros." Employing his familiar boxing metaphors, Hemingway says that Philip throws only jabs, no hooks or uppercuts. When Philip tries painting, he is told by Man Ray, the Brooklyn-born painter and photographer, that his painting lacks risk. He advises Philip

to get drunk, smoke hash, rough up a woman now and then.

So far, the principal woman in Philip's life has been Helga, a stunningly boring opera singer whose conversation details the effects of constipation, diarrhea and insufficient sleep on her voice production. On Wednesdays, refusing the steam room, the hayloft, the mud bath and the boat cabin, he sleeps with Camille in the railroad car in the Seashell, his favorite room in an elegant brothel. Among his friends are Coco Chanel and Janet Flanner. The New Yorker's Paris correspondent. Between them, they have taught him to speak French correctly and to eat and drink well.

Now, however, Philip falls to Lili, one of those elusive women who fascinate men only in books. All she does for him is to make him see Edith Piaf, who has "the voice of a deserted railroad platform."

It is Göring who is the most elaborate character in "The Man Who Lived at the Ritz." As Hotchner portrays him, Göring is more interested in acquiring confiscated paintings for his private collection than he is in the air force under his command. The field marshal is also a morphine addict who likes to dress in women's clothes, complete with jewels and makeup. He even asks Coco Chanel to design him some outfits. "Of course it's feminine," he says, "but I'm not involved with being feminine."

I liked a number of scenes: Philip and Lili riding a bike in blacked-out Paris; Philip and Man Ray demanding koshier beer in a bar bearing a sign "Aryans Only"; Philip playing tennis with Göring after being warned to hit the ball where the field marshal can reach it; Charles Ritz, 49-year-old son of the hotel's founder, playing with his elaborate electric trains and tying trout flies in his two-room suite; Philip telling Chanel to keep his handkerchief, which she has wept in, because "there is nothing worse than somebody else's tears wadded up in your hip pocket."

Towards the end, when the passive Philip becomes active in the Resistance, the book becomes a thriller as well as a legitimate novel and a quasi-documentary portrait of Paris. Yet there's something about the author's style, a joie de vivre learned in Paris perhaps, which makes these various modes cohere. The effect reminds me of a story Lili told of living for six days on nothing but Belon oysters and pastry. That's what the book is like: Belon oysters and French pastry.

Anatole Broyard is on the staff of The New York Times.

BRIDGE

By Alan Truscott

IN THE diagrammed deal, when two rounds of spades are led, South may be tempted into a routine ruff. He will survive if West has two or three trumps; or if the spades are 6-2, or if West has the club king, quite likely in view of the overall.

But with the actual distribution, he will fail. Four rounds of trumps must be played, and when the club finesse fails, East still has a spade to lead.

South should take the precaution of discarding a club on the second round of spades. He can then ruff the third round and draw trumps. If the club finesse then loses, East will not have a spade to lead, for West's vulnerable overall was surely passed on a five-card suit.

The declarer who misses this play and is attacked by his partner in the post-mortem will be reduced to a time-honored excuse that has some validity at match-point scoring: "I wanted to make an overtrick."

NORTH			
♠ A K J 3			
♥ K J			
♦ A 5 4			
♣ A 8 3 2			

SOUTH (D)			
♠ Q			
♥ A Q 10 9 4			
♦ K Q 6			
♣ Q J 6 5			

Both sides were vulnerable. The bid.			
South	West	North	East
17	14	24	Pass
34	Pass	30	Pass
30	Pass	40	Pass
Pass	Pass		

West led the spade king.

Steve Mahre, After His Brother Falls, Beats Stenmark for Giant Slalom Title

By Nick Stout

New York Times Service

SCHLADMING, Austria — Until Wednesday, Steve Mahre had never won a world-class giant slalom race. That his capability should be demonstrated in the World Alpine Skiing Championships — in which the defending world champion was eager for victory to the point of obsession — left the director of the American ski team clambering over the fence at the finish and shouting his exuberance but not entirely inappropriate summation: "Awesome... Awesome."

Ingemar Stenmark was a shaken runner-up. Stenmark had been training all winter especially for this and for next Sunday's slalom race, and had said he would rather fall out of the race than relinquish this title by finishing in second place. He was expecting the stiffest competition to come from Phil Mahre, the more accomplished of the 24-year-old twins, not from Steve.

"He was a surprise for me," Stenmark said quietly after the race. But Phil Mahre's chances ended early, when he caught an inside edge while leaning the wrong way just moments out of the starting gate.

Boris Strel of Yugoslavia earned the bronze medal. He clocked the best time in the afternoon leg of the two-run event and moved from seventh to third place.

Steve Mahre's victory gave the American team its third medal of the championships after three events, Christine Cooper having won a bronze and a silver for the women.

While Phil Mahre and Bill Kidd have in previous years won gold medals in combined events, no American had finished first at a regular men's event in world championship competition.

"I'm totally ecstatic," Steve Mahre said. "But I was disappointed about Phil. After my finish in the first run I thought we had a chance for a one-two day."

Steve Mahre was able to win the race by clocking the best time in the morning leg and building an advantage of 1.37 seconds over Stenmark, who was fifth. Stenmark was second to Steve in the afternoon, but he was not able to close the gap between him and Mahre, and the American won by 51 hundredths of a second.

"I skied well here last year," said Mahre, whose three victories in seven World Cup seasons have all been in slalom races. "So I felt that if I was going to ski well, this would be the hill. I really liked the way the first run was set. It was kind of in between slalom and giant slalom. Slalom is my specialty and I just concentrated in going at the gates. It paid off in the first run. And in the second run I had a really solid run and it was enough to keep me ahead."

Since the top five finishers in the morning start the second run in reverse order, Stenmark led off the afternoon. But before he went back up the hill he broke with his back and changed his skis. The edges on the first pair had been too thin to cope with the hard course, he explained. Later, Stenmark said he knew he had lost even before Steve Mahre made his final descent.

"In the middle part of the first run I was skiing too far away from the poles," Stenmark said, explaining that this was because of the inadequate edges. "In the second run I was not too good at the beginning but after 15 or 20 gates I was skiing better."

There are at least two reasons why Mahre's winning performance inspired so much awe in Bill Marolt, the U.S. Alpine program director. First was Mahre's relatively poor record in giant slalom compared with his results in slalom. His best giant slalom result on the World Cup tour this year had been eighth.

Stenmark, on the other hand, has won 35 giant slalom races in eight years on the World Cup tour, in addition to the world championship race in 1978 and the Olympic giant slalom in 1980. Mahre's victory was surprising also because he had operations on both knees during the Christmas break.

He had injured his left knee at a race in Val d'Isere, France. "We cut some bands to make the knee-cap line up better and took some lining out of the joint," said Dr. Richard Steadman, the American team physician. Since the right knee had continually been painful and swollen after training, Dr. Steadman said, a part of the cartilage was removed.

As in most of their races, the Mahres were busy briefing each other on the course by walkie-talkie. First Steve shouted instructions to Phil; then Phil, out of the race, watched on television as Stenmark made his afternoon run, and he passed his advice to Steve.

"He told me to go a little bit

rounder, but to the pole, and get off the edges quickly," Steve Mahre said.

Stenmark met the press, then was said to have left town to train in West Germany until the slalom race on Sunday. He is clearly worried because the Mahre brothers are much more accomplished in slalom than in giant slalom.

Asked if he was surprised that Steve Mahre was able to recuperate so handily from his double knee surgery, Steadman replied: "Not at all. I told him after the operation that those were gold-medal knees."

MAHRE'S GIANT SLALOM
1. Steve Mahre, United States, 2:38.81
2. Ingemar Stenmark, Austria, 2:39.21
3. Boris Strel, Yugoslavia, 2:40.19
4. Joel Quaresima, Switzerland, 2:40.49
5. Bruno Haefliger, Italy, 2:40.80
6. Hans Enn, Austria, 2:40.98
7. Stefan Krizelj, Yugoslavia, 2:41.01
8. Jean-Luc Fournier, Switzerland, 2:41.19
9. Alois Havlicek, France, 2:42.02
10. Hubert Stritz, Austria, 2:42.28
11. Jorle Holmen, Norway, 2:42.38
12. Tordar Jacobsen, Sweden, 2:42.55
13. Max Julien, Switzerland, 2:42.51
14. Jose Franke, Yugoslavia, 2:42.67
15. Christian Ortner, Austria, 2:42.87



Steve Mahre, foreground, smiled brightly as he stood next to Ingemar Stenmark after winning the giant slalom Wednesday.

Boxers Don't Always Know Best

By George Vecsey

New York Times Service

NEW YORK — In the coal mines deep under the Appalachian hills, the miners were convinced that the owners would trade health for profits any time. But when the government came around to ban smoking in the mines, or suggested cloth curtains to keep coal dust from spreading, the miners bristled at that, too. No outsider was going to tell them how to do their business, buddy. The miners knew best.

It all sounded painfully familiar the other day when a group of boxers refused to wear the new thumbless gloves that have been mandated by the New York State Boxing Commission. The revolt canceled one card at the Felt Forum last Friday night and jeopardized other cards.

In many ways, boxers are just like coal miners: they perform a dangerous job, they survive on their own courage and wit, and they have historic reason to mistrust everybody around them. But the bravery induces an isolation that can be as just as dangerous as a shaky roof or a punch to the brain.

The main observation by the board concerns the boxer's lack of general information, both about the risks involved in boxing and about existing regulations, says a recent report by Quebec's Board for Safety in Sport, the most informed study of boxing to come across this desk.

The two top officials of the Quebec board, Gilles E. Neron and Arthur Lessard, have cited "the boxer's ignorance of the consequences in store for them" from a statement by Trevor Berbick at a Canadian inquiry in Halifax, Nova Scotia. Berbick said: "After the fight, I felt I could start all over. In any doctor knows, a KO really does no harm; it puts you to sleep."

Both Quebec and New York state are trying to protect boxers from themselves and the people who exploit them. A year ago, the New York chairman, Jack Frenkel, seemed to be waffling about having ambulances present at every boxing match. After strong criticism from many sources, Frenkel accepted the trade-off: higher costs for a faster ride to the hospital.

New York and Quebec are co-operating by trading information about safety standards; they issue identical passports to all boxers, and are being linked by computer. No boxer can be knocked out in New York and slip over the border for a quick payday in Quebec until his health is certified.

The state and the province have been forced to take these steps because nobody noticed that Willie

Classen had taken a severe beating in London six weeks before his fatal bout in Madison Square Garden in 1979, and nobody knew of the beating Cleveland Denny had taken against a heavier sparring partner days before his fatal bout in Montreal in 1980.

As part of its research in the wake of the Denny tragedy, Quebec discovered that various makes of boxing gloves had vastly different shapes, even if their weights were the same. Some gloves were hard and flat at the point of impact, like hammers; others were

thickly padded. The Quebec board — composed of non-boxing people — after studying research from Wayne State University in Michigan, also concluded: "The mobility of the thumb has also been identified as a source of injury."

The board added: "The gloves should have the following basic characteristics: be as light as possible, have a maximum of absorbent material at the point of impact, and a minimum of roughness and seams. They should not have thumbs, for better protection of the boxer's thumbs and eyes."

New York state has also been studying thumbless gloves for several years, spurred by Floyd Patterson, the former heavyweight champion and one of the state commissioners. His two brothers suffered detached retinas during their unsuccessful boxing careers.

Citing nine incidents of detached retinas in the last two years in New York, Frenkel ordered a thumbless glove, developed by Everlast, to be used in all non-title fights as of Jan. 15. There was probably not as much education and preparation of boxers as there might have been, but as Frenkel says: "You have to make them mandatory at some date. If you are wishy-washy, they won't think you are serious."

In the first boxing card in New York this year, Jan. 22, several fighters complained about numbness in the thumbs, said the new gloves did not feel right. Some said they couldn't "spin" their opponents by hooking a thumb into their ribs. Some said their wrists hurt. Some said they couldn't brush the sweat from their eyes without a thumb. Some said they couldn't hitch their trunks up without a thumb.

"All they need is the right elastic in their trunks," Frenkel said dryly.

Perhaps the key boxer in the revolution has been Hector Camacho, an undefeated 19-year-old light-weight from New York City, who refused to fight last Friday. His manager, Bill Giles, explained why.

"These gloves are very bad for the hands," Giles says. "You're trading hand injuries for eye injuries. We don't feel the state should experiment with a man who's going to be a champion. We don't want to let Hector. You could have a champ except for a thumbless glove."

"You don't change certain things in sports. A basketball is always going to be round. You don't take the home run out of baseball. With these new padded gloves, you take away the knockout from a boxer."

Giles argues that the thumbless glove is not used in Michigan, home of the Wayne State study, nor is it used in Las Vegas or New Jersey, other major boxing centers. He claims that New York "has so many detached retinas because they let people fight who shouldn't."

John Condon, who runs boxing at Madison Square Garden, says: "We're on record that the principle is good. But I am not a boxer. Only a boxer is an expert in this field. It's just like baseball when they started using batting helmets. It took a long time before players got used to it."

Condon is right that several years elapsed between the time Branch Rickey ordered helmets for his Pittsburgh Pirates in the early 1950s and the mandatory use of the helmets. Some longtime players in the National Hockey League still have the option of playing bareheaded, which only indicates a lack of conviction in top management in that league.

American miners are still working without the masks that are saving the lungs of European miners. They have reason to distrust everybody around them, as do boxers. But one of the standards of a civilized society is the protection of its people.

Frenkel shouldn't wait to enforce the new rule until all boxers are begging him for thumbless gloves. In boxing, as in mining and other dangerous occupations, being brave is not the same thing as being informed.

California Legislation

SACRAMENTO (AP) — A bill was introduced Tuesday in the California Legislature to require thumbless boxing gloves in all professional and amateur boxing and sparring matches.

"I don't think we can ever make boxing completely safe, but there are measures we can take," said the bill's sponsor, State Sen. Joseph Montoya, a Democrat.

Olympic Housing Plan Causes Some Concern

By Neil Andrus

New York Times Service

LOS ANGELES — The decision to house Olympic athletes at two large local universities for the 1984 Los Angeles Games instead of at one self-contained village has drawn expressions of concern from members of the International Olympic Committee's executive board.

"I think it's not the best solution," Vitaly Smirnov of the Soviet Union, the first vice president of the committee, said Tuesday of the two-village concept.

"It's bound to inconvenience the larger countries," said Masaji Kiyokawa of Japan, the second vice president, who joined Smirnov and four other members of the nine-man board on a daylong tour of facilities and housing. "When the village is split into two, it's going to create problems of managing them and transporting them. When people are together, there's a lot more companionship and closeness. When they're split into two, you can have problems."

Alexandra Sipceva of Romania said problems could develop "when they decide which countries want to stay in the best place."

Smirnov and the others are here for the executive board's meetings with the organizing committee and international sports federations. They made their comments while touring Hedrick Hall on the campus of the University of California, Los Angeles. Under current plans by the Los Angeles Olympic Organizing Committee, UCLA will house 4,000 athletes, and the University of Southern California, 16 miles (26 kilometers) away, will handle 5,000.

Plans for a third village for athletes in rowing and canoeing at the university in Santa Barbara, 90 miles northwest of Los Angeles, have not been completed. In the past, the only athletes who lived outside of the Olympic village were yachtsmen. Yachting often is held at a site other than the host city.

"It's not a big problem," Smirnov said, talking as he inspected a sixth-floor room. "But it's more convenient the other way. It's a problem of communication and hard to organize."

Peter Ueberroth, the president of the Los Angeles committee, de-

fended the two-village concept as practical from a financial and security viewpoint.

Ueberroth said that "most of the athletes who come here come to compete." The facilities, dormitories and other services at UCLA and USC, he said, will surpass the single villages built for previous Olympics.

"I'm not too concerned," said Lance Cross of New Zealand, a board member on the tour. "The important thing is that millions won't be spent on something that won't be used afterward." The committee would prefer one village, he said, but "under the circumstances, we have nothing to complain about."

Connors, Official Both Eliminated In Toronto Event

United Press International

TORONTO — In a match in which an official made the rude gesture for a change, Peter McNamara beat Jimmy Connors, 6-3, 6-4, in the opening round of the Canadian Challenge tennis tournament Tuesday night.

In the fourth game of the second set, a line judge, Ruth Carrier, was removed by the match umpire, George Rustcheff, after several disputed calls. She gestured with an upraised pinky at the players and the umpire before leaving.

"I don't know what right she thought she had to be making rude gestures," McNamara said. "She had made three very serious mistakes."

In other matches, Ivan Lendl beat Eliot Teltscher, 6-2, 6-3, and Vitas Gerulaitis defeated Adriano Panatta, 6-2, 6-3. The No. 1 seed, John McEnroe, was to begin play Wednesday in the eight-man event.

Gene Mayer Is Upset

DENVER (AP) — Phil Dent, an unseeded Australian, upset Gene Mayer, the No. 2 seed and two-time defending champion, with a 6-3, 7-5 first-round victory in a Grand Prix tennis tournament here Tuesday.

Suspension for Connors

NEW YORK (UPI) — Jimmy Connors has been suspended from Grand Prix tennis events for 21 days because his fines over the past 12 months exceed \$5,000, the Men's International Professional Tennis Council has announced. Connors said he would not appeal because he was not planning to compete in Grand Prix tournaments in the next three weeks.

NHL Standings

WALES CONFERENCE														
Patrick Division														
	W	L	T	GP	GA	PTS		W	L	T	GP	GA	PTS	
NY Islanders	31	13	4	223	145	68		Philadelphia	28	19	4	207	194	48
NY Rangers	25	20	7	192	260	57		Pittsburgh	21	23	8	194	216	50
Washington	14	30	8	196	218	34								
Adams Division														
Montreal	28	11	12	338	150	68		Buffalo	27	14	9	205	153	67
Boston	29	16	7	211	180	65		Quebec	26	20	8	247	200	60
Hartford	15	24	13	174	217	42								
CAMPELL CONFERENCE														

Norris Division									
Minnesota	21	14	15	220	185	57			
St.Louis	25	23	14	214	216	54			
Winnipeg	19	23	11	202	232	49			
Toronto	16	24	13	215	234	45			
Chicago	17	25	10	223	240	44			
Detroit	14	28	10	177	229	38			
Smyth Division									
Edmonton	33	12	10	297	214	76			
Calgary	29	13	12	269	234	50			
Vancouver	17	25	11	182	194	43			
Los Angeles	14	28	11	218	253	39			
Colorado	11	35	8	158	248	30			
Tuesday's Results									
New York Rangers 4, Vancouver 3 (Rangers 3 (2:1), Florek (4:1), Smyl (2:2), Boldreau (3:1).									

Fraser (1)
Guthrie & Calderazzo (7), P. Stepany (2), C. Frycar (2), P. Frycar (2), G. G. G. (2),

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

03/04/2014 14:22:24

College Basketball

Selected Standings Tuesday

EAST

Virginia 64, Fairfield 59
George Washington 60, Navy 51
Harvard 63, St. Ann's 59
Yale 69, Manhattan 65
Northeastern 82, Brown 74
Carnegie 89, Fairleigh Dickinson 82

SOUTH

Arkansas U. 65, William & Mary 64, OT

MIDWEST

Marquette 67, North Carolina-Charlotte 66
St. Dome 65, San Francisco 66

ADVERTISEMENT



Steve Mahre on his way to the world giant slalom championship Wednesday.

Nettles: A Captain for the Yankees

By Dave Anderson

New York Times Service

NEW YORK — He hits home runs and he turns doubles down the third-base line into double plays. He's been a Yankee longer than any other player on their revolving-door roster. And now Graig Nettles has been knighted as the Yankees' new captain.

"He's a great Yankee," George Steinbrenner said of the 37-year-old third baseman late last season. "He used to be selfish, but he's a great Yankee now."

When he was told that the principal owner considered him a "great Yankee now," Nettles was unable to pinpoint any specific moment that apparently changed Steinbrenner's assessment of him. "I don't know what it could be," Nettles said with a smile. "I didn't even help him in the elevator."

Nettles knows when to be serious. In discussing his new role, he had said, "It's something I wish never had to happen. I wish Thurman Munson was still here as the captain." But this is a ballplayer with a sense of humor as well as a sense of duty. Call him Captain Quip now. He always leads both leagues in wisecracks.

"Sparky Lyle," he once said of his former teammate, "went from Cy Young to sayonara."

"When I was a little boy," he once said, "I always wanted to be a ballplayer and join the circus. With the Yankees, I've accomplished both."

And when Nettles once was fined for snubbing a Yankee promotional luncheon, he said: "If they want somebody to appear at luncheons, then they ought to sign George Jessel."

Reminded of that time at the luncheon where his captaincy was announced last week, Nettles grinned and said, "It's my luncheon for the year." But now he is his own boss, Ginger, sat with Bob Lemon, Yogi Berra and a few others in the back room at Jim McManis's restaurant, he remembered Steinbrenner boarding a team bus in Los Angeles on the morning after the principal owner reported a scuffle with two Dodger rooters in a hotel elevator.

George told me, "Where were you when I needed you?" Nettles said with a laugh, "and I said 'I was in bed like you told me to be.'"



Graig Nettles

still trying to think why Steinbrenner considered him to be a "great Yankee," he was awaiting his 10th season in pinstripes.

"George and I have butted heads for awhile," he was saying. "For him to name me captain, it shows he must have a lot of respect for me."

But across the table Lemon had another explanation. "If he thinks you're a great Yankee now," the manager said with a wink, "he must've looked at that 1978 World Series film again. The third game in that Series you were the only third baseman ever to get a save."

This season Nettles hit his 3,000th homer and drive in his 1,000th run (he has 295 and 956) but he'll always be remembered for his glove acrobatics in that 1978 World Series.

"But now that you're the captain," Lemon said, "you've got to report to spring training Feb. 7 instead of Feb. 10 — that's what we're having our front-office meetings to get ready for when the camp opens."

"I resign," Nettles said with a smile. "But what do I do as captain? Flip the coin? Elect to receive?"

"Take the wind," Lemon said. "We've got a running ballclub now. Take the wind so we can steal some bases."

"With all that speed you've got now, Lem," somebody said, thinking of Ken Griffey and Dave Col-

ins, "how many guys will be free to run on their own this season?" "I know one who won't be," said Nettles, who hasn't stolen a base since the 1979 season. "But let me something, Lem, how did I get to be named captain?"

Shouldering the Jobless

Brueghel Work Stolen From London Gallery

LONDON — Two men snatched a painting valued at £500,000 (about \$950,000) from the fifth floor of an art gallery Tuesday, gallery officials said.

The painting, "Christ and the Woman in Adultery," by Peter Brueghel the elder, was taken from the Courtauld Institute in central London. One of the two intruders hid the 10-by-14-inch work under a raincoat, then the pair ran to the elevator and made their way down to the ground floor, eluded a security guard and escaped in a taxi.

"It does to the spouse's relatives. Most of Eve's live in deathly fear the phone's going to ring and she's going to ask them to take us in."

"I must say, you're handing yourself very well for a person who was having a difficult time."

"I didn't intend to. When I got worse, I just wanted to kill somebody, but I didn't know who to kill, so I'm just biding my time."

"Are you still planning on killing somebody?"

"Yup, the next economic expert who says, 'Things have to get worse before they get better.'"

"Well," I said, "it's good talking to you. I have to get back to the old grind." Then I realized my mistake. "I'm terribly sorry I said that, Denbawb."

"Forget it," he said. "At least you didn't squeak my shoulder."

© 1982 Los Angeles Times Syndicate

Saudi Women Moving Into Banking

The liberals argue that women must be brought into the labor force to reduce the vast number of foreign workers who have flooded into Saudi Arabia.

The conservatives, some of whom oppose the women's banks, caution against drifting away from proven ways.

Women often feel caught in the middle. "All my friends talk about change, but we can't change," a university student complained.

The women's banks represent a kind of progress that many Saudis say would have been impossible as recently as five years ago. At the Al Rajhi branch, for example, women drop their veils and abas to discuss the intricacies of financial deals with trained advisers who also are women.

"The girls are very interested in gold," said Mrs. Hassoun, who was wearing large gold

The women's branch of Al Rajhi, for instance, has royal blue and white wallpaper, a painting (done by a female artist) of a Bedouin group at sunset and a religious scene in elaborate needlepoint.

The National Commercial Bank's branch for women is furnished in a soft beige and brown, while the Saudi British Bank's branch presents subtle tones of green and gray illuminated with soft lights.

Although Saudi women receive only half the inheritance of men, they are granted full control over their funds by the Koran. For years, analysts say, women investors in Saudi Arabia have been putting money into holdings such as real estate.

Some women are even using capital to go into business. Although the number of wom-

Even the staunchest liberals acknowledge that the new banks are only a small step toward full equality for Saudi women. But sociological experts say the trend could be irreversible, especially in conjunction with women's growing educational achievement.

Saudi Arabia may be demonstrating an ability to accept progress while clinging to tradition. The women bank employees, for instance, unhesitatingly put their veils back on before leaving for home after work.

"The debate these days is not whether women should be educated, but what type of education is best — not whether women should work, but what kind of work they should do," a Western analyst said. "Almost all Saudis want social development as well as economic development."

The friendship may have "mellowed" Weinberger's views toward European defense. "The ludicrousness of the whole thing is underlined by the idea that he be swayed into a soft defense posture," Catto said. He added that Weinberger, who has been married for 40 years, knew Morgan and that "she made inquiries about whether she could do a biography on him."

* * *

The Roman Catholic Church is going a little commercial temporarily to help pay for Pope John Paul II's visit to Britain in May. The church has authorized the sale of a variety of mementos ranging from 15-cent balloons in papal

Judge Augustus Wager played Solomon's Superior Court in Plymouth, Mass., dividing up custody of an aging dog claimed by two masters. "We used to own dog," said Susan Graham, who with her husband William will get custody during February of the dog they call Teddy, "now I guess we own half a dog. But we're happy with the judge's decision." In March, Teddy will move from the Graham home in Duxbury to the residence of Kathleen and Samley Kroil in Pembroke, 16 miles away. "We've had the dog for 10 years," said Ginger, the Kroils, who found the lost dog 3½ years ago and took it in as their own, were less than happy with Wager's ruling. "I can't believe such a ludicrous decision was made. It isn't a matter of custody, it's a matter of ownership," Mrs. Kroil said. "It's my dog. And it's not fair to shuttle a dog back and forth like some kind of object." The 14-year-old dog is about 100 years old in human terms — too old to waste much time fighting, according to Judge Wager.

CLASSIFIED ADVERTISEMENTS

[illegible]